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# U.S. Wary On Rise Of Dollar

## White House Says Further Surge May Upset Trade

**By Richard E. Smith**  
*International Herald Tribune*

The White House expressed concern Monday about the rising dollar, saying that world trade balances could be upset if the currency continued the surge that has taken it through the 2 Deutsche mark and 140 yen barriers.

"The dollar's recent rise against other major currencies is a matter of concern," said Roman Popadiuk, a White House spokesman.

He stressed that the surge in the dollar could frustrate efforts to trim the U.S. trade deficit by raising the price of American exports and reducing the price of imports.

"If the dollar's recent rise against other major currencies is sustained for a prolonged period or extended, it could undermine international efforts to reduce global trade imbalances," Mr. Popadiuk said.

His comments came as the dollar surged to its highest level in two and a half years on Monday, climbing by almost 4 pence, to a high of 2.0150 DM, in New York trading.

The rise came despite further concerted moves by the U.S. Federal Reserve System and other major central banks to lower the dollar's value.

Mr. Popadiuk said the dollar's renewed strength has led to questions about the U.S. administration's commitment to economic policy coordination among the Group of Seven industrial countries to maintain steady currency values.

"The administration remains fully committed to this process," Mr. Popadiuk said.

Analysts and currency market dealers said the dollar's rise fundamentally reflected the improved

**See DOLLAR, Page 14**



Chinese Army troopers seated in a truck awaiting orders talk on Monday with a civilian in Beijing.

# Chinese Officers Pledge No Attacks on Crowds

*Compiled by Our Staff From Dispatches*

**BEIJING** — More than 100 senior military leaders vowed Monday to refrain from entering Beijing to confront or suppress the masses of people who have seized control of the capital to demand democratic change.

The promise not to attack protesters, observers said, represented the first time in Chinese history that Peng and other hard-liners who have tried to quell the immense grass-roots demonstrations that have paralyzed Beijing.

Also on Monday, members of the National People's Congress, China's legislature, began gathering signatures needed to open a special session on the legality of martial law, sources said, indicating a further erosion of Mr. Li's support. A source said that of the 80 signatures needed, 50 had been gathered.

In the first instance, witnesses said soldiers clashed with crowds early Tuesday morning as one of the many intersections where

thronges of protesters and military convoys have been at a generally peaceful standoff.

It appeared that the clash in southwest Beijing was isolated and not an indication that the army was trying to enter the city.

The letter from military leaders, which was sent to People's Daily, the newspaper of the ruling Communist Party, was signed by others as a bloc to Mr. Li's effect. The letter was not immediately published by the official press.

Seven well-known military figures, including a former defense minister, Zhang Aiping, and a former People's Liberation Army chief of staff, Yang Dezheng, wrote the letter, a source at the People's Daily said.

"As old soldiers we have the following demands," the letter said. "The People's Liberation Army belongs to the people. It cannot control the people, even so, it cannot suppress the people and it will never shoot the people."

To "keep the situation from worsening, the army cannot enter the city," it said.

The letter was signed by 100 other officers, another source said.

The clash occurred 25 kilometers (about 15 miles) southwest of Tiananmen Square in Beijing, the focus of the protest, where tens of thousands of students have been held around-the-clock vigil in defiance of martial law. Chinese have set up barricades throughout the city to keep troops from moving on the students.

One report from the scene said the convoy of 72 tanks and 300 trucks, which had been stopped by throngs of people and makeshift barricades, might have simply decided to move to a military encampment nearby. The soldiers have been sleeping outdoors since they arrived outside Beijing late Sunday night.

The trucks in the convoy began to move out by a different street to avoid the blockade but were confronted by thousands of students and workers.

The students began the demonstrations in mid-April, demanding talks with the government to bring democratic change and an ending official profiteering. But now the students, bolstered by widespread support their movement has won from the population, are pressing for the resignations of Mr. Li and the senior leader, Deng Xiaoping.

A strong statement of support from Hong Kong stock prices slid because of unrest in China. Page 9

Why the first wave of Chinese troops stopped short. Page 3

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for the students came from the National People's Congress chairman Wan Li, known as a leader in the camp that is pushing for change. He was quoted as saying, "We will firmly protect the patriotic enthusiasm of the young people in China."

Mr. Wan, now on a visit to Canada, told a Chinese-Canadian audio

## Party Chief Hopes to Outwit China's Hard-Liners

**By Jim Hoagland**  
*Washington Post Service*

**BEIJING** — While his hard-line opponents marshal infantry units and tanks, the Communist Party leader, Zhao Ziyang, is waging a subtle battle for survival from the protective shadows of political limbo.

In the country that made famous the maxim that power comes from the barrel of a gun, Mr. Zhao's chess-like strategy of waiting for his opponent to use his heavy weapons in their endgame is seen as a desperate gamble undertaken only because he has no other choice.

People in a position to know said Monday that Mr. Zhao had not submitted his resignation as party chairman, as has been widely assumed in Beijing since his disappearance from public view on Friday.

He seriously considered resigning last week when he lost a bitter argument in the party's ruling policy body over declaring martial law in Beijing and sending troops in to break up student-led demonstrations.

But Mr. Zhao was reportedly talked out of this step by advisers who argued that he should stand ready to pick up the pieces if the hard-liners' policies backfired.

Operating in this self-imposed limbo, Mr. Zhao has few weapons at his disposal. Chief among them is the state-run press, where his supporters are influential and can send clear signals to the country.

Television news announcers read headlines with downcast eyes, speaking in gloomy, almost pained tones. Newspaper editors prominently feature statements by Hungarian leaders that they would never order troops to act against civilian demonstrations near a law declaration.

As it has become clear that this struggle will have a future of economic stagnation in China, Mr. Zhao has been courted by students and other dissidents. Premier Li Peng, Minister Li Peng, an embarrassing one of the army's streets Saturday in positions that have crowds vowing to

The withdrawal of porters to think might now shift to brute force to to public opinion.

"We are in a

of China's martial intellect and a Zhao supporter said with evident relief. "It will be protracted and messy, and even if Li Peng is ousted, it does not mean that Zhao wins. But he has a better chance now."

Support for Mr. Zhao, the manager of China's economic liberalization program for the past decade, is strong in the influential policy research institutes and in the small Western and Chinese business circles that have grown up in Beijing around the introduction of market-oriented changes.

The government's fear that Western investment and Britain's promise to turn Hong Kong over to China in 1997 would be jeopardized by drastic action against Mr. Zhao and a violent crackdown on the students, have

at least 40 people were reported injured, and the trucks reached the encampment.

Thousands of people then rushed the camp gate and began throwing rocks at windows and soldiers inside, witnesses said.

Minutes later, soldiers charged out of the encampment in formation, armed with bricks and rocks and shouting a battle cry through the students and workers and another battle erupted.

There was no movement at another site in western Beijing, where troops have been deployed since Friday night.

Hundreds of thousands of Beijing residents have blocked major intersections since the martial law announcement Saturday.

Hours earlier, the Beijing press agency reported the presence in the suburbs of the city government and the party's top brass, who issued back-to-work orders, stepped up criticism of the protests and mounted a drive to regain control of the capital.

Apparently in anticipation of violence, directors of major hospitals held emergency meetings and were alerted to make space in surgical and orthopedic units, with all department heads on standby, medical sources said.

Police and soldiers moved into the city to ensure that reporters and editors could not open revolt against censorship published only the official line, but they were having difficulty exerting

the problems," the official Xinhua press agency reported.

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low phase now," a Chinese

See ZHAO, Page 3

# Baker Issues Blunt Peace Call to Israelis

**By John M. Goshko**  
*Washington Post Service*  
**WASHINGTON** — Secretary of State James A. Baker 3d, addressing Israel in the blindest language ever used by a senior U.S. official, called Monday on the Jewish state to renounce "the unrealistic vision of a greater Israel" that includes the occupied West Bank and Gaza Strip.

Speaking before 1,200 members of the American Israel Public Affairs Committee, the principal pro-Israel lobbying group in the United States, Mr. Baker met with silence when he challenged the cherished goal of the Israeli prime minister, Yitzhak Shamir, and his hard-line "Apartheid bloc."

**"For Israel, now is the time to lay**

side, once and for all, the unrealistic vision of a greater Israel," Mr. Baker said, "Israeli interests in the West Bank and Gaza — security and otherwise — can be accommodated. Forswear annexation. Stop settlement activity. Allow schools to reopen.

He was describing the Bush administration's policy of the compromises required by both Israel and Arab adversaries to end the 17-month Palestinian uprising in the territories.

He made clear that the Arabs must accept Israel's right to exist in peace and security and, as a first step, should make a "constructive response" to Mr. Shamir's proposal for elections where the 1.7 million Palestinian inhabitants of the West Bank and Gaza would elect representatives to negotiate with Israel on an interim system of limited self-government.

As Mr. Baker spoke, Mr. Shamir was meeting in London with Prime Minister Margaret Thatcher. A spokesman for the Israeli Embassy refused to comment on Mr. Baker's speech.

Virtually everything Mr. Baker said was a restatement of U.S. policy laid down by his predecessor, George P. Shultz, in speech in September. But Mr. Shultz deliberately softened his language and spoke in roundabout terms about "the exchange of territory for peace" and settlements based on United Nations Resolution 242, which calls for withdrawal from lands occupied in the 1967 Middle East war.

By contrast, Mr. Baker made explicitly clear that the United States did not believe that the cause of Mideast peace would be served by an Israeli policy that seeks to annex the West Bank and Gaza and a policy that advocates Jewish settlement in the territories as a means of strengthening the Israeli claim.

Rightist elements in Likud have proclaimed openly that the territories must become part of Israel. More moderate Likud leaders such as Mr. Shamir and Foreign Minister Moshe Arens have said the final status of the West Bank and Gaza should be negotiated after an interim period of Palestinian autonomy. But they also have left no doubt that they will never agree to an

See BAKER, Page 4



Agence France Presse

## Thatcher Begins Europarliament Campaign

Prime Minister Margaret Thatcher opened the Conservative Party campaign Monday for the European Parliament elections in June by saying that when barriers to a single market fall after 1992, Britain must retain its social and immigration legislation and the right to set its own taxes.

# Britons Face New Soviet Expulsions

**By David Remnick**  
*Washington Post Service*

**MOSCOW** — The Soviet Union may demand that London sharply reduce the number of British citizens working here, the Foreign Ministry spokesman said Monday.

The announcement followed Britain's expulsion over the weekend of eight Soviet diplomats and three journalists. Moscow then announced that the same number of British diplomats and journalists would be being ordered out of the Soviet Union.

Prime Minister Margaret Thatcher said in London that the

## India Joins the Ballistic Missile Club

### Successful Test Reinforces Its Status as Regional Power

by Richard M. Weintraub  
*Washington Post Service*

**NEW DELHI** — India successfully tested a medium-range ballistic missile Monday, joining an exclusive club of countries that have developed the ability both to build nuclear weapons and deliver it over long distances.

With top officials watching, the missile, code-named Agni, the Hindu word for fire, roared out over the bay of Bengal from the newly developed Balasore test range. It added another major building block to a large and sophisticated military structure that India has developed the last two decades.

The new missile has a range of 1,500 miles (2,400 kilometers), and thus could reach all of Pakistan and other South Asian nations, as well as Afghanistan and areas of Iran and China.

Indian spokesmen tried to play down the significance of the launching.

A top-ranking Indian official said, "We are heading into the 1990s determined to be self-reliant in all major weapons systems — tanks, planes, missiles. At this stage, with the Agni we are demonstrating to ourselves that we can do it. If it is further developed, it will be a conventional weapons system. We do not wish to be seen as a nuclear weapons power."

In terms of strategic doctrine, being able to hit a target 1,500 miles away with precision has certain advantages, he added.

Agni puts India, statistically still one of the world's poorest countries, in a military category that is shared only by an elite cluster.

It is a signal about Indian capabilities, just as the "peaceful explosion" of a nuclear device in 1974 was. That was a signal to the world that India had the ability to defend itself with the ultimate means, a diplomat said, and now the missile-launching was a signal that India can project its power.

Anticipating the Agni launching.

**See INDIA, Page 2**

# Old and New Japan Collide in the Bamboo Thicket Mystery

**By Fred Hiatt**  
*Washington Post Service*

**TOKYO —** The \$2 million mystery of the bamboo forest, after playing through all the Japanese psyche like a dark subplot to Tokyo's political scandal, has finally been solved.

But as so often in Japan, the solution seemed only to deepen the mystery.

It began April 11, when a humble seller grilled bankers was rooting through an open bamboo thicket for some lost notes and stumbled across a wad of roving yen. Like any good Japanese, he took money to the police. Carefully counting the crumbling bills, they calculated that the year-old restaurateur had picked up the equivalent of \$1 million.

The gorusho rashti came next, a gold-rush era that brought hundreds of money-seekers swarming to the grove in Kawasaki during lightning might strike twice. And six days later, a part-time laborer, 21, who was actually hunting for wild crabs, tripped costs \$700,000 in yen.

The frenzy grew, as hundreds more searched for a "third installment." And the mystery of who would abandon nearly \$2 million without even burying it, and then fail to claim the cash when it was found, seemed to obsess the nation, even more than the news of the political scandal shaking the government.

Indeed, many observers saw a connection between easy money flowing through the political world and the roving cash of the bamboo forest. It helped headline writers, although not the outgoing prime minister, that the first character of Ninbuu Takekishi's name means "bamboo" and that he had received donations from Recruit Co., the information and publishing conglomerate at the center of the scandal.

But as Japan's newsmen rushed forward with theories to explain the unclaimed cache, the dark side of politics was but one rich lode. Mystery writers were interviewed, past murders relished, fantastic tales constructed about drugs and gangsters, blackmail and tax evasions.

The speculation in many ways reflected modern Japanese anxieties: fear that un-

customed prosperity and dividing rich from young.

"The average Japanese money game," the Yomiuri said last week.

**Many observe connection between easy money through the world and the mysterious of the forest.**

In an editorial, "and collide, such as they thicker, public interest." It says that recent the average citizen a

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vastly widened," it continued, and "that our society's view toward money has become very distorted."

Many experts — and nearly all Japanese depicted themselves as experts on the subject — guessed that the money was connected to soaring land or stock prices that seem to be disrupting Japan's stable, middle-class society.

A mystery writer, Kyuzo Kobayashi, speculated that someone trying to enrich himself from the shady side of the land business flung the cash away, only to be caught and murdered by gangsters also involved in land profiteering.

While the press speculated and philosophized, police methodically investigated. Paper wrappers around the cash carried dates and the names of several credit unions in the Kawasaki area, outside Tokyo.

Comparing the wrappers with bank records, police eventually focused on the president of a major outer business, Katsuyasu Noguchi, 46, who had made sizable withdrawals two and three years ago.

Eleven days ago, Mr. Noguchi held a press conference and said, yes, the money belonged to him. Bowing deeply, he apologized to the people of the world for the trouble he had caused.

But Mr. Noguchi's explanation, as provided to reporters and more fully to police, was "beyond comprehension," the Yomiuri said.

Mr. Noguchi said he actually had earned the cash in the early 1970s, speculating in stamps and other things. A thief had been stalking his office, he told police, so for years he carried the money in the trunk of his car.

When Japan began printing a new type of cash, Mr. Noguchi exchanged the money for the new bills, thus the wrappers indicating withdrawals two and three years ago. But, he said, his desire for the money lessened as

same. I'm 'disappointed' but we gave them the chance. They have not taken it, so they have revealed their true colors.

The Soviet Foreign Ministry spokesman, Gennadi I. Gerasimov, said that the Soviet Union now intended to heed a strict, reciprocal quota. He said that there was now an "imbalance" with 205 Soviets working in Britain and 375 Britons working in the Soviet Union.

The news agency Tass said, "Until now, the Soviet side, showing goodwill, avoided establishing this quota, which enabled British institutions in Moscow to hire the number of its personnel, including Soviet and Soviet citizens, in 375 persons."

Asked if the quota meant that Britain would have to send home 170 nationals, Mr. Gerasimov said, "I believe your interpretation is correct."

A British Embassy spokesman  
See EXPEL, Page 4

See JAPAN, Page 3

Two Japanese legislators are indicted in  
The Recruit affair. Page 2.

<b>Dow Close</b>	<b>The Dollar In New York</b>
<b>Up 0.92</b>	<b>DM 2.013</b>
	<b>Pound 1.575</b>
	<b>Yen 142.05</b>
	<b>FF 6.8135</b>



## Wide Gap Remains In Missile Dispute, West Germans Say

By Robert J. McCartney  
Washington Post Service

BONN — The West German government said Monday that several substantive disagreements still separated Bonn and Washington in their dispute over short-range nuclear arms.

It said that considerable work was necessary to bridge the gap in time for the North Atlantic Treaty Organization summit meeting beginning Monday in Brussels.

West German officials expressed a cautious view about prospects for a compromise as Chancellor Helmut Kohl sent a letter to President George Bush outlining Bonn's response to the U.S. proposals presented last week in Washington to Defense Minister Gerhard Stoltenberg.

The U.S. administration, in a major concession, said Mr. Stoltenberg that Washington accepted that talks on short-range nuclear disarmament, which are sought by Bonn, might someday take place. But Washington set several tough conditions that Bonn finds hard to accept, West German officials said.

"I'm not optimistic, but not overly pessimistic either," said Mr. Kohl's security advisor, Horst Telschick, in an interview with Reuters.

Alfred Dregger, leader of Mr. Kohl's conservative parliamentary faction, said "a good amount of work" still was needed to find a compromise.

The dispute over NATO policy on short-range nuclear weapons — those with ranges of less than 300 miles (about 500 kilometers) — threatens to spoil the atmosphere at Mr. Bush's first Western alliance summit meeting, marking NATO's 40th anniversary.

West Germany's chief government spokesman, Hans Klein, on Monday declined to discuss details of Mr. Kohl's letter to Mr. Bush and reaffirmed that Bonn was hoping to find a compromise before the NATO meeting.

But other West German officials said Bonn was unhappy with three important points in the latest U.S. proposal.

First, Bonn strongly opposes the U.S. call for a NATO-wide endorsement of U.S. development of a modernized version of the Lance short-range nuclear missile.

The United States has agreed to wait three years before seeking a promise from Bonn to support producing and deploying an updated Lance. But Washington would like West Germany to join the rest of the alliance now in endorsing U.S. plans to carry out research and planning to develop new short-range nuclear missiles.

In contrast, West Germany believes that developing a modernized Lance is exclusively a U.S. decision, and that NATO should play no role in it. West German officials said this appeared to be the U.S. condition that was most difficult for Bonn to accept.

The second condition that Bonn dislikes is Washington's insistence that negotiations on short-range nuclear disarmament begin only after reductions take place in conventional forces in Europe.

Such reductions would occur after an East-West treaty is signed in Vienna, where negotiations began in March and where the talks are expected to go on for several years. In contrast, West Germany would like short-range nuclear talks to begin after progress is achieved at Vienna, but before a treaty is signed.

The U.S. position would "delay too long" the beginning of short-range nuclear arms negotiations, said Volker Rühle, a parliamentary leader and a security expert in Mr. Kohl's conservative Christian Democratic Union.

The third U.S. condition that troubles the West Germans is Washington's demand that NATO say at the outset that any short-range nuclear arms negotiations could not ultimately lead to dismantling all ground-based, short-range nuclear weapons in Europe.

Washington has long opposed entering such talks because it fears they would lead to the elimination of a vital part of NATO's nuclear deterrence.

In contrast, Bonn is willing to rule out abolishing all ground-based, short-range nuclear weapons only "in the present circumstances." West Germany wants to leave open the possibility that the weapons could be scrapped if the negotiations on conventional forces lead to the elimination of the Warsaw Pact's superiority in tanks, artillery and other nonnuclear forces.



Takao Fujinami, chief of staff to former Prime Minister Yasuhiro Nakasone, walking to Tokyo prosecutors' office for questioning.

## Tokyo Prosecutors Indict 2 Legislators In Recruit Affair

Washington Post Service

TOKYO — Tokyo prosecutors indicted two members of the legislature on Monday, including a senior ally of former Prime Minister Yasuhiro Nakasone.

The indictments appeared to be the culmination of the eight-month investigation into the Recruit Co. affair that has rocked Japan and its government.

Takao Fujinami, 56, Mr. Nakasone's former chief of staff, and Katsuya Ikeda, 52, an opposition member of the Diet, were charged with receiving bribes from the Recruit Co. information and publishing conglomerate in the form of checks and discounted stock. Both men proclaimed their innocence and said they would fight the charges in court.

The two are the first politicians charged in the Recruit affair, which has entangled most of Japan's leaders and forced Prime Minister Noboru Takeshita to announce that he would soon resign. Prosecutors have charged 13 businessmen and bureaucrats in the influence-peddling scandal.

Opposition politicians and newspapers demanded that prosecutors continue their investigation until they reach what is often referred to in Japan as the "big evil," a code name for Mr. Nakasone, who was prime minister when the bribery is said to have taken place.

"We have only come in the entrance of the scandal as it applies to politicians," said Mitsuhiko Kaneko, a spokesman for the Japanese Communists, the only major party untouched by the Recruit affair. "If we take a few steps in, we will find the real evil. We should not allow that evil to remain hidden."

But the local press reported, apparently on the basis of leaks from the prosecution, that charges against any higher-ranking politicians were unlikely.

Although aides to Mr. Nakasone, Mr. Takeshita and other leaders also received stock and large donations from Recruit, prosecutors reportedly were unable to demonstrate that the company received any favors directly in exchange.

Prosecutors were still expected to lodge misdemeanor charges against several political aides, however, for failing to report such gifts as political donations.

Mr. Nakasone, whose hopes to settle into a role of elder statesman appear to have been dashed by the affair, issued a statement late Monday in which he said he had "received solemnly" news of the arrests and wished to "apologize sincerely to the Japanese people."

But Mr. Nakasone, who served as prime minister for five years until 1987, denied press reports that he would resign from the Diet.

The Recruit affair began when a local bureau of the Asahi newspaper discovered that a deputy mayor of Kawasaki had received stock in Recruit Cosmos Co., a real estate subsidiary, while helping Recruit pursue a development project.

That discovery in June led to disclosures that almost every leader in the governing Liberal Democratic Party, as well as key bureaucrats, opposition politicians and businessmen, also had received Recruit Cosmos stock.

Aides to Mr. Nakasone, for example, purchased 29,000 shares at about \$10 apiece when Recruit was offering stock in the subsidiary privately in 1986. When the shares began trading on the over-the-counter market shortly thereafter, the value predictably soared, at one point topping \$40 a share.

Mr. Takeshita and other leaders last summer dismissed the affair as insignificant and replied evasively or incorrectly to questions about it.

But as the full scope of Recruit's distribution of cash and stock emerged, the affair came to symbolize for many voters a deep-rooted corruption in their political system and a growing unfairness in their society, where soaring stock and land values have made some people rich and left others behind.

Mr. Takeshita, who eventually acknowledged that he or his aides and relatives had received about \$2 million in donations from Recruit between 1985 and 1987, saw his popularity plummet to 3.9 percent, according to one poll last month. With public anger still high and most party leaders also tainted by Recruit, the governing party has been unable so far to find a successor for Mr. Takeshita.

Both indictments on Monday, centering on events in 1984 and 1985, concerned an unwritten law governing employer practices in recruiting university graduates. The law, which prohibits employers from recruiting students until midway through their last year of university, was intended to regulate the job market.

But the law also had the unintended consequence of aiding Recruit, which sells help-wanted magazines and conducts surveys intended to match university students with likely employers. When companies began pushing for a relaxation of the rules or for an earlier start to the process, Recruit feared its services would no longer be needed.

As a result, prosecutors said, Recruit's chairman, Hirohisa Ezoe, met twice with Mr. Fujinami, then chief cabinet secretary, in his official residence and urged him to use his influence to keep the current rules in force. In return, they said, Mr. Fujinami reportedly received 10,000 shares of Recruit Cosmos stock and \$160,000 in checks, including one received in the prime minister's office.

Mr. Ikeda received 5,000 shares of stock and \$56,000, allegedly for agreeing to ask questions in legislative committees that would bolster Recruit's case on the same issue.

—FRED FIAT

## Party Nominates Gorbachev As New Congress's President

Washington Post Service

MOSCOW — The Communist Party Central Committee nominated Mikhail S. Gorbachev on Monday to be president of the Soviet government after the new Congress

of People's Deputies opens on Thursday.

Mr. Gorbachev, the party leader, already holds the position of president, but the post has largely been ceremonial.

With a strengthened legislature, the presidency will be an extremely powerful post, overseeing the formation of major legislation, foreign policy and defense issues. These political changes amount to a historic shift in power from the Communist Party to the government.

It is still unclear whether Mr. Gorbachev will face any opposition for the presidency.

According to the Tass press agency, the Central Committee also heard a statement from a conservative Politburo member, Yegor K. Ligachev, apparently in connection with accusations by two prosecutors that he was connected with a corruption scandal.

Mr. Ligachev has previously denied the accusations of corruption, and he is reportedly pursuing slander charges. The government is conducting an investigation into the prosecutors' methods.

Among the 35 speakers at Monday's plenary session of the Central Committee were Boris N. Yeltsin, the maverick politician. On his way out of a meeting, Mr. Yeltsin said he had spoken twice, and that he presented the party with the platform of the progressive Moscow deputies.

Before the March 25 legislative elections, the Central Committee set up a special commission to investigate Mr. Yeltsin's behavior and ideology, especially his statement that the subject of a multiparty system should be discussed openly. The Central Committee had promised to give its findings at the next plenum.

While Mr. Yeltsin said there was some discussion of his case, it passed quickly and was not a major topic of the day.

Mr. Yeltsin, who lost his seat in the Politburo after making a speech deemed politically incorrect by the

Central Committee, easily won election to a citywide Moscow seat. At a rally of 25,000 people in Moscow on Sunday, Mr. Yeltsin presented the platform of the Moscow deputies, a group that includes the human rights activist Andrei D. Sakharov, the historian Roy Medvedev and the economist Gavril Popov.

They called for an unlimited discussion of the accomplishments and failures of Mr. Gorbachev's policy changes before any elections for the presidency or the Supreme Soviet, which will act as a full-time legislative body.

Some Moscow deputies say they are being pressured to make the opening session formal and brief.

The allegations of corruption by Mr. Ligachev were made earlier this month by two Moscow prosecutors, Taiman Gidyan and Nikolai Ivanov. In various appearances, the two men have accused Mr. Ligachev and several former Politburo members in connection with a corruption investigation.

Mr. Gidyan and Mr. Ivanov, who are both deputies to the congress, have major popular support, while Mr. Ligachev, who is perceived in Moscow as a force against rapid, radical change, does not.

The two prosecutors have not given details of their investigation, and some Moscow intellectuals have demanded that they either lay out their evidence or stop making public accusations.

Tass also announced that bribery allegations against Viktor Smirnov, a former second secretary of the Moldavian Central Committee, have been dismissed "due to an absence of facts."

—DAVID REMINICK

■ Strike Paralyzes Region

Tass said Monday that a strike movement that began on May 3 was paralyzing the Nagorno-Karabakh Autonomous Region, but ethnic clashes between Armenians and Azerbaijanis were lessening, Agence France-Presse reported from Moscow.

## Khomeini Son Vies for Power

Rising Hard-Liner Warns Iran's Other Aspiring Leaders

By Youssef M. Ibrahim  
New York Times Service

LONDON — In the power struggle that consumes Iran's ruling clergy, Ayatollah Ruhollah Khomeini's son, Syed Ahmad, has emerged as a prime contender to inherit his father's authority.

While that has been increasingly evident for months, it became clearer in a memo written and disseminated by the younger Khomeini, 42, to the country's top leadership three weeks ago.

Among other things, the 110-page document reveals the depth of divisions among decisionmakers in Iran as well as the growing ambition and authority assumed by the ayatollah's son.

The document was addressed to Ayatollah Hussein Ali Montazeri, who has a far higher religious ranking in Iran than Khomeini's son, Ahmad Khomeini but who in late

March withdrew under pressure from his designated position as successor to Ayatollah Khomeini as Iran's supreme religious guide.

The memo, dated April 29, was communicated confidentially to Ayatollah Montazeri before being selectively leaked.

Severely admonitory, it accuses Ayatollah Montazeri of consorting with state enemies to undermine the Islamic regime and of defaming Ayatollah Khomeini, who was his mentor and friend. It warns him to refrain from political activism.

The document's sweep, timing and authoritative tone suggested that it was also aimed at other aspiring leaders whose policies are viewed as less militant than those of Ayatollah Khomeini.

Experts on Iranian affairs said it was particularly aimed at the speaker of the parliament, Hashemi Rafsanjani, who has so far been the prime candidate for the presidency in this summer's elections but whose position as a power broker has visibly diminished since February.

The experts seem to agree that Mr. Rafsanjani and Syed Ahmad Khomeini are now locked in a contest to secure the widest base of support after the death of Ayatollah Khomeini, who is 89 and has been reported in poor health.

The document includes excerpts from unpublished letters between the two senior leaders that disclose surprising bitterness, unusually blunt language and outright accusations by Ayatollah Montazeri that Syed Ahmad Khomeini and his supporters were acting more like the shah's secret police than members of the Islamic clergy.

"The letters pinpoint the slow separation of the two friends since 1986, but, more significantly, the memo itself reveals that Syed Ahmad Khomeini is emerging from the shadow of his father to become a king-maker in Iran," said Baqer Moin, whose biography of Ayatollah Khomeini is to be published in

London at the end of this year. Mr. Moin, senior commentator at the BBC's Persian language service, and other Iranian experts said that the memo was a dramatic departure for Syed Ahmad Khomeini, who had previously played the power game in Iran with discretion.

In the memo, he speaks for the first time in his capacity as the appointed overseer of his father's will, a position the ayatollah conferred upon him a year ago.

Syed Ahmad Khomeini uses the memo to warn Ayatollah Montazeri — and by implication, adherents of policies that differ from the militant line he favors in domestic and foreign policy — in accept defeat quietly.

He suggested that in the aftermath of the sharp turn that Iranian politics have taken since February, when Ayatollah Khomeini issued his death edict against the British writer Salman Rushdie, neither Ayatollah Montazeri nor any adherents of milder policies have much of a future.

Abolhassan Bani-Sadr, a former president, said: "The fact that he has published this text is an admission of his role in the removal of Montazeri. We have two contenders for power in Iran now, what I call right-wing Stalinists led by Rafsanjani and left-wing Stalinists led by Syed Ahmad Khomeini. For now, the Ahmad Khomeini group is on top and leading."

Last week two Iranian daily newspapers, Al-Abrar and Risaalat, started publishing excerpts from the documents in what appears to be a growing campaign to strengthen his authority as interpreter of his father's thoughts.

In the clerical regime, a principal foundation of government has been the reign of what is known as the supreme religious guide. Among today's leaders, only two qualify for such ranking: Ayatollah Khomeini and Ayatollah Montazeri.

The governing clergy, however, has proposed changing the country's constitution to allow government without a single supreme religious leader but with a council of three to five religious figures instead.

The two main rivals working to dominate such a council are Mr. Rafsanjani and Syed Ahmad Khomeini.

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## WORLD BRIEFS

### Clash Kills 53 Sri Lanka Separatists

COLOMBO (Reuters) — At least 53 people were killed in northern Sri Lanka on fighting between rival separatist groups, military and rebel sources said on Monday.

A spokesman for the Liberation Tigers of Tamil Eelam guerrilla group said 42 members of the People's Liberation Organization of Tamil Eelam, said 11 of their own forces were killed when the Tigers attacked Sunday about 225 kilometers (140 miles) north of Colombo.

The two groups are among five organizations seeking a separate state in the north and east of Sri Lanka's 25 million Tamils. Four groups have accepted a pact between Sri Lanka and India aimed at ending the separatist campaign. About 45,000 Indian soldiers are stationed on the island under the accord.

### Bali Ferry Death Toll May Reach 158

JAKARTA (UPI) — Rescue teams searching rough seas off Bali had recovered 30 bodies from a capsized ferry by Monday but 128 others remained missing and were feared drowned.

The authorities found 167 survivors, many clinging to the overturned hull and metal drums cast overboard in the Sunday disaster 24 kilometers (15 miles) east of Bali, harbor spokesmen said. Although the government sent several helicopters and ships to the scene, hopes of finding more survivors were slim.

The motorized ferry, carrying 325 Indonesian passengers in addition to 10 tons of cargo, left the island of Lombok for Bali without advising harbor officials.

### Turks Barred U.S. Inspection of MiG

ANKARA (WP) — Turkish military and intelligence sources confirmed Monday that American experts were denied inspection access to the Soviet MiG-29 abducted to Turkey over the weekend, which resulted in a situation that U.S. Embassy personnel in Ankara privately described as "scandalous."

Sources at the Turkish general staff in Ankara said that the experts sent to inspect the plane from several air bases in Turkey were all trained in the United States and thus "knew what to look for" in the way of new technology and that it would have been "politically inexpedient" to have U.S. officials on hand.

The jet was flown to Turkey Saturday by Captain Alexander Y. Znyov, 28, who asked for refuge in the United States. It was flown back to the Soviet Union 36 hours later after Soviet technicians arrived on the scene.

### Australia Wants Antarctic Preserved

CANBERRA (Reuters) — Australia said Monday it would not sign the Antarctic minerals convention and would instead push for the whole continent and its surrounding oceans to be declared a wilderness park. Prime Minister Bob Hawke said that it would be hard to persuade the rest of the nations to accept a ban on mining but that Australia was determined to seek stronger protection for Antarctica than the convention would provide.

Australia, which claims 42 percent of Antarctica, is one of the seven original claimant nations to the Antarctic and has veto power over the convention, which sets guidelines for mining or drilling. Sixteen countries have to sign the convention for it to go into effect. Five of the claimants — Norway, Chile, New Zealand, Argentina and Britain — have agreed to sign it. France is the only other one not to have signed. It has called for the convention to be revised after the oil spill in Alaska.

### Nigeria Seeks Return of Ex-Minister

LAGOS (AFP) — Nigeria's military government will request the extradition of the former transport minister, Umaru Dikko, if Britain refuses to renew his residence permit, Justice Minister Bola Ajibola was reported Monday as saying here.

It was also reported here Monday that the British Home Office has officially told Mr. Dikko that his refugee residence permit in Britain would expire at the end of this month.

Mr. Dikko fled to Britain early in 1984. He was kidnapped and drugged later that year and nearly flown back to Nigeria in a crate marked with a diplomatic label, but police intervened.

### Terrorist Is Said to Work for Bonn

HAMBURG (AP) — Stern magazine said Monday that a bomb maker for a radical Palestinian group suspected in the bombing of a Pan Am jet over Scotland in December was arrested in October but released because he works for West German intelligence. A spokesman for the West German intelligence agency denied the allegation.

The magazine identified the man as Marwan Khreissat, born in Jordan, and said he is believed to be a bomb maker for the Popular Front for the Liberation of Palestine-General Command. The magazine said its information was provided by two ranking security officials, whom it did not identify by name or country.

### For the Record

Richard V. Secord pleaded not guilty Monday to nine charges of lying to Congress and obstructing a congressional investigation in the Iran-contra affair. The former air force major general played a key role in selling weapons to Iran and arming rebels in Nicaragua. (Reuters)  
Britain is to reduce its Ginkgo nutcracker force by half as it prepares for the transfer of Hong Kong to Chinese authority in 1997, it was announced Monday. Most of Britain's 8,000 Ginkgos, who come from Nepal, now serve in Hong Kong. (AP)

## TRAVEL UPDATE

### Parisians Urged to Rent Out Rooms

PARIS (Reuters) — Parisians were asked Monday to rent their spare rooms for what officials said would be a record tourist summer because of the 20th anniversary of the French Revolution.

The Paris Tourism Office said the capital had been host to 106,675 visitors already this year — 45 percent more than last year and 27 percent over the record in 1983.

Virgin Atlantic Airways will start flying to Gatwick airport near London from Kennedy airport Aug. 1. It will continue to fly to Gatwick from Newark airport. The route will be marked by a one-day sale June 1 for a flight that leaves Sept. 4. There will be 223 economy seats available at a round-trip cost of \$99 and 74 business-class places for \$999. The flights are scheduled to leave New York daily at 10:20 P.M. with a 4:15 P.M. return from London. The one-way economy fare will be \$399 until Sept. 16. After that the fare is to drop to \$299. (NYT)

Iberia Airlines, starting June 12, will become the first airline to fly nonstop from Kennedy airport to Barcelona. Up to now planes to Barcelona have been making a stop in Madrid. The economy fare will be \$783 round-trip until Aug. 15, when it is to drop to \$577. (NYT)

## WEATHER

EUROPE				ASIA			
	HIGH	LOW			HIGH	LOW	
Algeria	72	54	F	Bangkok	82	64	F
Amsterdam	58	44	F	Beijing	72	54	F
Athens	72	54	F	Bombay	82	64	F
Berlin	62	44	F	Calcutta	82	64	F
Bombay	82	64	F	Chengdu	72	54	F
Buenos Aires	72	54	F	Chongqing	72	54	F
Calcutta	82	64	F	Dhaka	72	54	F
Cardiff	62	44	F	Hankow	72	54	F
Cairo	72	54	F	Harbin	72	54	F
Canton	82	64	F	Heilongjiang	72	54	F
Cebu	82	64	F	Hong Kong	72	54	F
Chengdu	72	54	F	Kobe	72	54	F
Chongqing	72	54	F	Manila	72	54	F
Dhaka	72	54	F	Osaka	72	54	F
Hankow	72	54	F	Seoul	72	54	F
Harbin	72	54	F	Singapore	82	64	F
Heilongjiang	72	54	F	Taipei	72	54	F
Hong Kong	72	54	F	Tokyo	72	54	F
Kobe	72	54	F				
Manila	72	54	F				
Osaka	72	54	F				
Seoul	72	54	F				
Singapore	82	64	F				
Taipei	72	54	F				
Tokyo	72	54	F				

AFRICA				LATIN AMERICA			
	HIGH	LOW			HIGH	LOW	
Algiers	72	54	F	Buenos Aires	72	54	F
Cairo	72	54	F	Caracas	72	54	F
Cape Town	72	54	F	Guatemala	72	54	F
Conakry	72	54	F	Havana	72	54	F
Dakar	72	54	F	Lima	72	54	F
Harare	72	54	F	Managua	72	54	F
Lagos	72	54	F	Medan	72	54	F
Luanda	72	54	F	Nairobi	72	54	F
Nairobi	72	54	F	Rangoon	72	54	F
Porto	72	54	F	Sao Paulo	72	54	F
Reykjavik	72	54	F	Santiago	72	54	F
Rome	72	54	F	Tegucigalpa	72	54	F
Tripoli	72	54	F	Valparaiso	72	54	F
Tunis	72	54	F				

NORTH AMERICA			
	HIGH	LOW	
Albany	72	54	F
Albuquerque	72	54	F
Altoona	72	54	F
Chicago	72	54	F
Denver	72	54	F
Detroit	72	54	F
El Paso	72	54	F
Houston	72	54	F
Los Angeles	72	54	F
Memphis	72	54	F
Minneapolis	72	54	F
Montreal	72	54	F
Nashville	72	54	F
New York	72	54	F
Phoenix	72	54	F
Pittsburgh	72	54	F
Portland	72	54	F
San Francisco	72	54	F
Seattle	72	54	F
Toronto	72	54	F
Vancouver	72	54	F

MIDDLE EAST			
	HIGH	LOW	
Athens	72	54	F
Bahia	72	54	F
Bombay	72	54	F
Buenos Aires	72	54	F
Calcutta	72	54	F
Cardiff	72	54	F
Cairo	72	54	F
Chengdu	72	54	F
Chongqing	72	54	F
Dhaka	72	54	F
Hankow	72	54	F
Harbin	72	54	F
Heilongjiang	72	54	F
Hong Kong	72	54	F
Kobe	72	54	F
Manila	72	54	F
Osaka	72	54	F
Seoul	72	54	F
Singapore	72	54	F
Taipei	72	54	F
Tokyo	72	54	F

OCEANIA			
	HIGH	LOW	
Auckland	72	54	F
Brisbane	72	54	F
Canberra	72	54	F
Christchurch	72	54	F
Dunedin	72	54	F
Hobart	72	54	F
Melbourne	72	54	F
Perth	72	54	F
Sydney	72	54	F
Wellington	72	54	F

cl: cloudy; fo: foggy; fr: fair; h: hail; no: no cloud; o: overcast; pc: partly cloudy; r: rain; sb: shower; s: stormy.

TUESDAY'S FORECAST - CHANNEL 4			
	TEMP.	WIND	WAVE
11-21	NEW YORK: Fair, Temp. 28-16	11-21	NEW YORK: Fair, Temp. 28-16
11-21	LOS ANGELES: Fair, Temp. 28-16	11-21	LOS ANGELES: Fair, Temp. 28-16
11-21	CHICAGO: Fair, Temp. 28-16	11-21	CHICAGO: Fair, Temp. 28-16
11-21	DENVER: Fair, Temp. 28-16	11-21	DENVER: Fair, Temp. 28-16
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## ARTS / LEISURE

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## The Unbearable Lightness of Beene

**International Herald Tribune**  
**L**ONDON — Geoffrey Beene was in town to talk to the students of the Royal College of Art Monday — the fashion world's premier training ground. He is the first American to be asked by the college to share with a rising genera-

SUZY MENKES

tion of its students the wisdom of 27 designing years.

"I'm talking less about myself and more about the state of fashion," says Beene. "I want them to have the courage to believe in themselves and to express a freedom. That is how I earned the right to do my own thing."

"Then they also have to know the horrendous part — how difficult it was. There have been so many failures and people want instant success."

"Then I want them to know the most thrilling part, the emotional outlet of designing, and my drive to create a one-season dress."

Geoffrey Beene at 62 has an energy and enthusiasm that is infectious. His underlying design philosophy is for modernity. Trained in Paris couture in the 1940s, he was quick to realize fashion's changing pace, and his bat-wing sleeves and bib-tops, and his sequined football-jersey dress, all created in the 1960s, were beacons to fashion's future.

In his most recent collection, shown in New York in April, the modernity was in the cut and fabric, which gave an extraordinary weightlessness to Beene's signature jump suit in gossamer fine wool; to airy chiffon stroked over the cutout back of a dress; to a jersey coat that seemed to float over the body.

"There is nothing there, just pure fabric," says Beene proudly. "My dream when I started in fashion

was that clothing should be in one piece without any seams, and just find its shape and form on the body. For years I have been fighting to take the inner structure out of clothes and to make them weightless. It is the most thrilling thing and the most modern. My whole concept of clothes started with jet travel. Because they travel easily and fold like Japanese clothes, they must be the clothes of the future."

Creative fashion design today is at a premium — and emphasis is

**He wants students to know the emotional outlet of designing**

currently on the student courses. But inevitably the art is more alluring to fledgling designers than the craft.

"It is much more difficult to design within a framework of reality than fantasy," admits Beene. "It has to start with clothes working and being comfortable."

Beene, brought up in a Southern Baptist family, and originally banned from fashion, trained as a doctor in New Orleans. He believes that those four years studying anatomy have underpinned all his fashion work.

"I simply know bones," he says. "I have got the sense of proportion and the body's movement. Students should be made to do anatomical or life drawings. Their own drawings are often so flat, as though there is no body inside. But a woman is round and you have got to have depth."

Geoffrey Beene's own silhouette

is round. By contrast, his fashion style is small and neat, with narrow shoulders and often a raised waist. When worn by a dieted-down New York matron, it can look unbearably girlish.

Beene traces that silhouette to his background in Louisiana. "My women are fragile-looking, but with great inner strength," he says. "I never show big shoulders and I love femininity — women looking vulnerable but not being vulnerable. My mother and all Southern women were put on a pedestal. They were fragile, pampered, spoiled, delicate and beautiful. But as a child, I also went to California and visited my aunt. She was the antithesis of the Southern woman, full of life, but not aggressive and wearing crêpe pants, a turban and high wedge heels. My concept of woman is somewhere between the two."

In 1988, Beene's work was celebrated in an exhibition at New York's National Academy of Design. The show proved that, although Beene's fashion image was formed in the 1960s, his technique has changed radically.

In 1968, wool and satin (one of Beene's many serendipitous combinations of fabrics) were built into a tailored dress on a high, gathered waist. By 1986, a bib-front evening dress was sculpted like a swimsuit, with the fabric shadowing the body. His one-season dress is a free-body of fabric, draping one arm, showing a glimpse of leg at the side.

Beene, with a witty twist in his designs, says that his fashion heroes are Pirelli, Schiaparelli and Adrian, rather than the more sober Chanel or Balenciaga. But his real inspiration is in his materials.

The students at the Royal College of Art may start with pencil, paper and a careful sketch of line and detail. Beene starts always with the fabric — many of which he



"Just pure fabric," says Beene of his latest collection.

Christopher Moore



Geoffrey Beene: "For years I have been fighting to take the inner structure out of clothes."

## In Cannes Final Footage, '89 Looks Like a Year of Winners

By Thomas Quinn Curtiss

**International Herald Tribune**  
**C**ANNES — Cannes' 1989 tribute to the motion picture art may be recorded as a success, and the festival been more varied and livelier than in recent years.

There were higher standards of selection and, although there have been no masterpieces, many of the films have been bright with originality, a welcome freshness in treatment and interesting experiments.

Of the 22 films competing for Cannes' highest award, the Palme d'Or, only three were unworthy of the honor. Similar sound judgment has ruled the secondary sections, which have contained several movies of surprising merit. The news of adventurous doings spread quickly and has drawn throngs of filmgoers and commentators so that the events have been receiving wide coverage.

Top actresses from many countries have graced the scene — from Meryl Streep to Nastassja Kinski to Carole Bouquet and Béatrice Dalle. Among the visiting directors have been Elia Kazan, Jules Dassin, John Frankenheimer, Bernardo Bertolucci and Michelangelo Antonioni.

Gilles Jacob, the festival's general director, sees it as the greatest show of egos in the world and calls it "vanity fair."

Menahem Golan, formerly chairman of the board of Cannon Entertainment Inc., has become chairman of a new company, the 21st Century Film Corp., which assures us of another 100 years of moviemaking. This week he gave a gala party at the Carlton with Joan Collins, clad in a lilac dress to match her violet eyes, Roger Moore, who stars in "Bullseye," and Michael Winner, who directed it. Collins, having completed eight years in the television soap opera "Dynasty," will play the leading role in Golan's production of "Murder Out of Tune," acting as executive producer herself.

The British film industry, together with the British Academy of Film and Television Arts and Shell U.K. Ltd., gave a party in the festival palace's dining hall. Peter Ustinov as guest of honor delivered a comic address in his inimitable manner.

The films of the festival's last days included "Francesco," Liliana Cavani's long analysis of Saint Francis of Assisi. The film, shown in English, has Mickey Rourke cast as the 13th-century son of a patrician family who, scornful of wealth and power to find peace of soul, founded a religious order. As soon as he opens his mouth, Rourke is out of period, his broad American lingo dispersing the attempted illusion. Saint Francis's quest, in modern terms, has been reworked more plausibly in Jacob Wassermann's "World's Illusion" and in "The Razor's Edge," based on the book by W. Somerset Maugham.

The Polish director Jerzy Skolimowski, in "The

Torrents of Spring," has filmed Ivan Turgenev's novel about a Russian nobleman of the 1840s who oo his continental travels falls under the spell of a heartless flirt who ruins his life. The film has pictorial beauty with its scenes of Venice and the German spas, its rich costuming and graceful flow. It moves, but it fails to come to vivid theatrical life. It is said to be a self-portrait of the author, who had little luck with women. An ironic tale of deception, the book is cruel and subtle, but its screen adaptation is incomplete. Missing are the humorous discussions on German versus Italian opera, probably omitted because they do not forward the plot and in any case would scarcely be easy to film. The film itself, with its rich period atmosphere and lovely camera work, is visually a gem.

Giuseppe Tornatore's "Nuvole Cinque Paradiso," treating the same subject as Ettore Scola's "Splendor," laments the passing of the provincial movie-houses in Italy. An established film director in Rome is called back to his native town in Sicily to attend the funeral of the projectionist of the parish cinema who first taught him to love movies. We see him as a tot, then as an adolescent becoming a projectionist himself. The grimy old theater burns down, but another is built in its place. Later, with television's advance, even the new theater is demolished for lack of customers.

Philippe Noiret, disguised as a Sicilian and dubbed into Italian, is the aged projectionist and another French actor, Jacques Perrin, plays the adult director who goes home to relive his childhood. As his younger selves are two youngsters, both excellent, Marco Leonardi as the little boy and Salvatore Cascio as the teen-ager. The blending of slapstick and wistful pathos has been expertly managed by Tornatore, certainly an artist of striking talents.

"Monsieur Hire," a French entry, is based on a Georges Simenon detective story and Patrice Leconte, a young director, has transplanted it to the screen with an abiding sense of suspense. Michel Blanc provides a stunning performance as a despised tailor who is suspected of a murder, a characterization that holds the spectator riveted from his initial appearance. Of recent screen thrillers this one with its grim trickeries is the best in years.

The Swedish entry, "Kvinna på Taket" ("Woman on the Roof") is the first full-length feature of Carl-Gustav Nykvist, the son of Ingmar Bergman's celebrated cameraman. Set in 1914 Stockholm, it might be mistaken for the dramatization of a Scandinavian novel of that era, as there is a literary sheen to its recounting of the fate of two young women who rent a former photographer's attic studio and there encounter their destinies. Brilliant use is made of light and color in selecting the moods of the macabre scenario, and its acting and direction are exemplary.

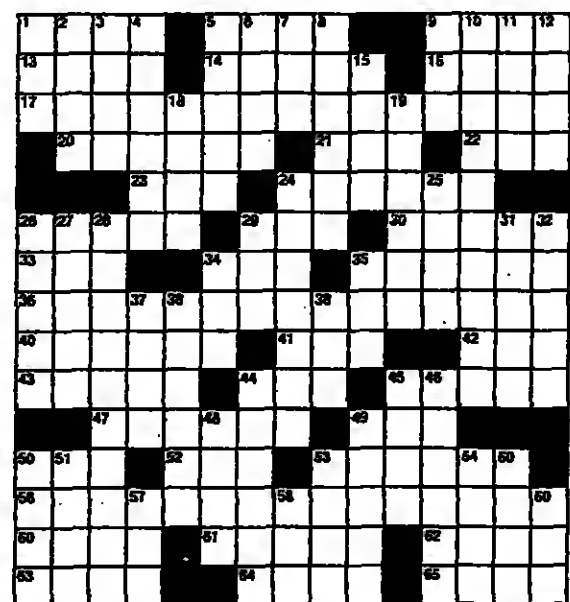
The film was the last to be shown in competition. The festival closes Tuesday.

## ACROSS

- 1 — number (speed measure)
- 5 Informal talk
- 9 Date-book abbr.
- 13 Land mass
- 14 Kind of elephant
- 16 Herd or soft follower
- 17 Fanciful idea
- 20 Lais
- 21 Coolidge's nickname
- 22 Color
- 23 Finish
- 24 Cocktail tidbit
- 26 Host
- 29 Give the ax to
- 30 Thighbone
- 33 Mine find
- 34 British meeting place
- 35 He wrote "Bread and Wine"
- 36 Unwilling listeners, usually

## DOWN

- 1 Fairy queen
- 2 On the Red



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## Solution to Previous Puzzle

GMEN CALIF SENT  
 AIDE ARETE ODOR  
 FLEW LEASE ROTA  
 FORMULA BERMAN  
 ANI DELVE  
 BRONCO IDEALIST  
 REB APPLE SCAR  
 AME PERLMAN IDI  
 VAST AMAZE NIP  
 OPERETTA IMAGES  
 ALIEN MAL  
 HAGMAN SUNLAMP  
 ATOP SLEET MITI  
 ROBE EARTH ARTE  
 EMIR LITRAS NYES

- 3 Shade of blue
- 4 Greeted
- 5 Throng
- 6 Sweeties
- 7 Grow older
- 8 Native of Florence
- 9 Grain brittle
- 10 Riotous
- 11 Mouse, 10 Morris
- 12 French head
- 15 Abbe of Israel
- 16 — but the brave
- 19 Patron saint of Norway
- 24 Minelli-Grey film: 1972
- 25 Soccer great
- 26 — pocus
- 27 Praying figure
- 28 Unprincipled ones
- 29 Billiard stick
- 31 Giving-in word
- 32 Emma's lures
- 34 Mil. entrant
- 35 Radical 60's gp
- 37 Haw. before 1959
- 38 Antigone's sister
- 39 Western Indian
- 44 Jordanian city occupied by Israel in 1967
- 45 Page
- 46 Finally
- 48 Caesar's "Venit, — vici"
- 48 Fair
- 50 Colo. resort
- 51 — Good Guy, "Peggy Lee hit
- 53 Box before a bout
- 54 Paducah's river
- 55 — Hari
- 57 Querying sound
- 58 Be in debt
- 59 Kennedy or Koppel

THE INTERNATIONAL HERALD TRIBUNE IS PLEASED TO ANNOUNCE A MAJOR INTERNATIONAL CONFERENCE

## SCOTLAND &amp; EUROPE THE NEXT TEN YEARS



Sir Colin Marshall



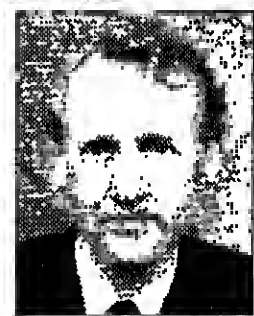
Gavin Laird

MAY 31, 1989

The Caledonian Hotel, Edinburgh



Sir William Fraser



Lord James Douglas-Hamilton

Since mid-1987, Scotland has experienced a sustained economic improvement, resolving many of the problems caused by the collapse of oil prices and subsequent industrial closures of 1986. But how does the future look for Scotland? Examining the future role of Scotland in the integrated market of 1992, the conference will address some of the most pressing questions today facing both the Scottish business community and those investing in or trading with Scotland.

## The Program

- Chairmen: Alan R. Devereux, Chairman, Scottish Tourist Board  
 Jack Shaw, Executive Director, Scottish Financial Enterprise  
 Axel Krause, Corporate Editor, International Herald Tribune
- 9:00 Chairman's Introductory Remarks  
 9:15 THE OUTLOOK FOR THE ECONOMIC AND BUSINESS CLIMATES  
 Sir William Fraser, Principal and Vice Chancellor, Glasgow University
- 10:00 NEW INVESTMENT POTENTIAL AND SCOTLAND'S COMPETITIVENESS  
 Professor Neil Hood, Director, Employment and Special Initiatives, Scottish Development Agency  
 Gavin Laird, General Secretary of the Amalgamated Engineering Union  
 Eric Wilson, Managing Director, TSB Scotland plc
- 11:15 COFFEE  
 11:45 THE BUSINESS CLIMATE IN THE 1990's  
 Philip Rhodes, Operations Director, United Distillers Group  
 Eckhard Pfeiffer, International Vice President, Compaq Computer Corporation  
 Ronald Dunn, Managing Director, Ferranti Defence Systems

- 13:00 LUNCHEON  
 14:30 SCOTLAND - AIRBRIDGE TO EUROPE  
 Sir Colin Marshall, Chief Executive, British Airways plc
- 15:15 SCOTLAND AND THE INTEGRATED EC MARKET IN 1992  
 A VIEW FROM BRUSSELS  
 Etienne Reuter, Chief Spokesman for Commissioner Bruce Millan, Regional Policy, European Commission  
 IS SCOTLAND READY FOR 1992?  
 Donald Dewar M.P., Shadow Secretary of State for Scotland  
 Cameron Buchanan, Managing Director, George Harrison & Co., Edinburgh Ltd.
- 16:30 CULTURE AND TOURISM: AN UNTAPPED POTENTIAL?  
 Maurice Cantley, Director of Marketing, Highlands and Islands Development Board  
 Robert Palmer, Director of Festivals, Glasgow 1990
- 17:15 CONSERVATION AND THE ENVIRONMENT: THE CHALLENGE OF THE 1990's  
 Lord James Douglas-Hamilton, Minister for Home Affairs and the Environment, The Scottish Office
- 17:45 Chairman's Closing Address.

## Herald Tribune

## REGISTRATION INFORMATION:

The fee for the conference is £195. (Plus VAT at 15% £224.95), total £224.95. This includes lunch, a cocktail reception and all conference documentation. Fees are payable in advance of the conference and will be returned (less £50 administration charge) for any cancellation that is postmarked on or before May 15th. Cancellations with a postmark dated later than May 15th will be charged the full fee. Substitutions may be made at any time.

The sponsor reserves the right to amend the program if necessary.

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# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

## Lend Poland a Hand

The Poles have examined the benefits President Bush has decided to offer them in response to their far-ranging measures of political democratization, and they are disappointed. A Communist Party Politburo member visiting in Washington, Jozef Czerwinski, suggested that Washington has been stingy in extending trust for Poland's reforms. Bronislaw Geremek, a leading opposition strategist who participated in the remarkable "round table" that produced the new turn and who intends to run for the parliament, has also been in Washington, and he believes that the steps announced by Mr. Bush are not going to make much impact on the Polish people.

A brand of political guerrilla war is part of what is going on here. These two men came out of quarters of Polish society that had never worked with each other, that had been profoundly antagonistic, and they and their colleagues produced a political platform that is promising but terribly frail. The new partners are in keen and distrustful competition, in this instance to be the masters of the American connection and the American pipeline. The Polish government, accustomed to using its control of the economy to employ and reward the faithful,

wants new foreign resources put at its disposal. The opposition, pointing to the state's gross misuse of its borrowings of the 1970s, wants to make international aid bolster the sectors of society and directions of policy for which it speaks.

Poland is not only politically divided but economically broken, thanks in good measure to the trauma of 40 years of socialism. This has left the government linked to a flawed structure on which its power rests. It has left Solidarity dependent on a worker constituency that craves immediate relief from its desperate living conditions. For them both to muster the requisite discipline is critical to Poland's recovery.

To this effort, new resources will be essential. They must come from the United States. Western Europe and the public and private banks, they must be applied with a sharp eye to efficiency and reform, and they must come in a quantity and at a pace consistent with the dimensions of Poland's crisis. To come this far and to lose the opportunity of renewal, whether by Polish failure or by the failure of others, would be a further tragedy that Poles should not be asked to bear.

—THE WASHINGTON POST.

## Detroit and the Dinosaur

How, at a stroke, can America trim oil imports, cut the trade deficit, reduce smog and help avert global warming? By inducing Detroit to make more fuel-efficient cars. Last week, in a notable reversal of Reagan administration policy, Washington took one of the necessary steps: Secretary of Transportation Sam Skinner told the protesting auto industry that its 1990 model cars must average 27.5 miles per gallon (11.6 kilometers per liter). But to wean consumers from gas guzzlers, a more profound change is necessary — a hefty increase in the gas tax.

Under a law passed after the 1974 oil crisis, the fuel efficiency required of new cars rose from 14.2 to a target of 27.5 miles per gallon in 1985. Each mile-per-gallon increase saves 420,000 barrels of oil a day. Yet this program offended the anti-regulatory attitudes of the Reagan administration.

In 1986, Vice President Bush, as chairman of the Task Force on Regulatory Relief, proposed abolishing the fuel efficiency standards. Transportation Secretary James Burnley derided them as a "dinosaur that should be extinct." Under pleading from General Motors and Ford, whose fleets are tilted toward heavier cars, the Reagan administration let the fuel standards from 1986 onward drop as low as 26 miles per gallon.

That is one reason America's foreign oil imports have now again topped eight million barrels a day. Oil imports account for one-third of the U.S. trade deficit and increase dependency on the Gulf. The new administration, more pragmatic than its predecessor, has recognized the value of fuel economy and refused to continue waiving the stan-

dards. But there is no reason to stop at 27.5. Engineers at Chrysler, which has not supported a waiver, believe auto makers can improve mileage by about half a mile per gallon every year. Even a target of 45 miles per gallon by 2000 seems attainable.

Such efficiency gains would sharply reduce air pollution and also carbon dioxide that helps trap the sun's heat. Though it is too early to be sure the Earth's climate will heat up, it is soon enough to reduce all avoidable sources of carbon dioxide.

The auto industry as a whole opposes further improvements in fuel efficiency on the ground that the law discriminates against domestic manufacturers, which prefer making larger cars. Congress could put right that defect by requiring all manufacturers, domestic and foreign, to make the same percentage improvement in the efficiency of their fleets.

Another argument is that more fuel-efficient cars are lighter and more dangerous in an accident. But with better design, like air bags and anti-lock brakes, cars can be made safer as well as more fuel-efficient.

Some economists from oil fuel efficiency standards as a clumsy device compared with a higher gas tax, which would achieve the same goal better. They are right. There is no reason to limit fuel-efficiency gains to buyers of new cars. A sharply increased gasoline tax would encourage shrewd conservation by everyone. But the president opposes new taxes and while that remains true, there is every reason to press for both remedies: more efficient cars and more affected drivers.

—THE NEW YORK TIMES.

## 'Contras' or 'Copters'?

Donald Gregg, who was Vice President Bush's national security adviser during the Iran-contra affair, cannot explain how the words "resupply of the contras" appeared in two memos about a White House meeting he and Mr. Bush attended in the spring of 1986. One reason he needs to explain those words is that both he and Mr. Bush deny early knowledge of the illegal arming of the rebels in Nicaragua. Another is that President Bush has nominated him to be ambassador to South Korea.

So what explanation does Mr. Gregg give the Senate Foreign Relations Committee in its hearings on his nomination? He says there must have been a misunderstanding. It wasn't a reference to aid. Those words must be "a garbled reference to something like resupply of the copters" in El Salvador. "I've been thinking about this for two years, and it's the only thing that I can come up with that would come close to explaining that agenda item."

That is hardly credible. Neither are other aspects of Mr. Gregg's testimony. He admits learning about White House involvement with the contra resupply operation in August 1986, yet claims he did not tell the Vice President. He says he did not even tell Mr. Bush what he told The New York Times the following December, after the scandal broke, leaving his boss to read it in the newspaper. Mr. Gregg asks the Senate to believe that he never discussed the contras with Mr. Bush. He did recommend Felix Rodriguez, an old CIA comrade, for service with Oliver North of the National Security Council staff, and introduced Mr. Rodriguez to Mr.

Bush. But he maintains that nobody realized that Mr. Rodriguez then became Mr. North's contra helper in Central America. These propositions will be so hard for the senators to accept that the wonder is President Bush's willingness to expose Mr. Gregg to confirmation hearings.

He risks similar exposure with the nomination of John Negroponte, who ran the covert contra operation in Honduras, to be ambassador to Mexico. Mr. Negroponte faces questioning about American inducements to Honduras to help the contras and Mr. Bush's denial that aid to Honduras entailed any "quid pro quo" of hidden contra support.

Some Republicans on the committee complain about all the questioning. It amounts to harsh partisanship, they insist. A president is usually entitled to have the ambassador of his choice approved; besides, Mr. Gregg has rendered loyal and loyal service in the CIA and other government agencies.

But the flaws exposed here are in Mr. Gregg's answers, not the senators' questions. Even his Republican supporters left the room during hard questioning of his veracity. Describing his contra-copter explanation to a senator who came in late, Mr. Gregg testified: "I don't know how it went over, but it was the best I could do." It didn't go over. Mr. Gregg is obviously loyal — but to what and to whom? The question at the heart of the Iran-contra affair is, Did high officials recognize their loyalty to law, not only their superiors? Mr. Gregg has not yet given the Senate a satisfactory answer.

—THE NEW YORK TIMES.

## Other Comment

### The Mengistu Disaster

Last week's attempted overthrow of the Marxist government of Ethiopia shows that the rule of President Mengistu Haile Mariam is failing on all fronts. He has turned Ethiopia into a military, economic and human rights disaster. It is one of the world's poorest countries, and its poverty is aggravated by rigid economic policies now being rejected by the Soviet Union. The country's decline has also been aggravated by long and costly military struggles against rebel groups.

The military situation has led to discontent in Ethiopia's army. Colonel Mengistu's government has been losing ground to the resistance movements in the north, despite years of massive support from the Soviet Union. Now that support is starting to dry up, Colonel Mengistu recently ordered what is thought to be the largest forced conscription in Ethiopia's history. The move was highly unpopular. It may have been one of the sparks that ignited the coup attempt.

—The Baltimore Sun.

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## OPINION

SPEAKER JIM WRIGHT, OUT FOR A STROLL WITH FELLOW DEMOCRATS, FALLS DOWN A MANHOLE...



## Helen Suzman's 36 Years as South Africa's Conscience

By Allister Sparks

JOHANNESBURG — Perhaps Helen Suzman's most notable contribution to politics has been her reversal of Bismarck's famous maxim. She has made it the art of the impossible.

Where other politicians pander to public opinion and become virtuosos of the hollow promise, South Africa's leading liberal has spurned that approach. With unwavering consistency she has cleaved to the unpopular and built her reputation that way.

On almost every issue that she has taken up during her 36 years in the Cape Town Parliament — black rights, prison reform, the abolition of capital punishment, women's rights, abortion, an end to military conscription — Mrs. Suzman has flown in the face of the opinion polls in this deeply conservative and chauvinistic society.

Yet she woo them, on a steadily increasing scale. From a standing start, when in 1961 she was the only member of the breakaway Progressive Party to retain her seat, she built it up until it became one of the safest seats in the country.

She used to say it was because the people she represented in the upper-income Johannesburg constituency of Houghton were exceptional — intelligent, traveled, many of them Jews

like herself with an ingrained aversion to racism. But it was more.

It was because of the uncompromising integrity and singleness of purpose with which she went about her task. While others played their electioneering games, Mrs. Suzman gave it to the voters straight. "This is where I stand. If you don't like it, don't vote for me," was her message.

No one ever doubted that she was taking her stand out of absolute conviction and not because of any vested interest or Machiavellian purpose. She was the quintessential honest politician, and the ovelty of it gave her the popularity that others sought.

To a degree, Margaret Thatcher has displayed something of the same quality, commanding respect by doing what she believes is right regardless of what the opinion polls say, until in the end the polls follow her rather than the other way around.

But in one major respect Mrs. Suzman is very different. She is a caring person, warm and human. Not a bleeding-heart liberal, she is too tough a fighter for that. But at the everyday level, in thousands of unsung acts during the years, she has

helped little people, called on the distressed, visited prisoners — not only the high-profile prisoners but the least of those brethren as well — and dropped in on political trials.

Overworked as she is, no personal gesture to the injured in this oppressive society is overlooked.

There is her humor. She is the most sparkling conversationalist I know, an effervescent wit who is always alive to the ironies of South Africa's cockeyed politics. As when she showed me a letter one day from a policeman's mother who wanted to vote for her because her son had shot a black man, and she knew Helen was campaigning for prison reform.

Her razor tongue and whip-lash repartee in the House are legendary. Not long ago she suggested that every parliamentarian should attend one of the giant black funeral rallies to get a sense of "the heavy tide of resistance sweeping through the township."

But recommended that any politician of the ruling National Party should go "heavily disguised as a human being." This combination of commitment, compassion and humor won the grudging admiration, and in time

even a kind of affection, from her political opponents. On Wednesday, after she had announced that she would not run again in the September election, even the archconservative Andries Treurnicht joined the parliamentarians who paid tribute to her.

Her best years were the early ones, when she was her party's sole representative in Parliament from 1961 to 1977. They were extraordinarily taxing. She had to analyze every new bill, speak in every major debate, issue statements, address meetings, attend to constituency affairs and take up the zillion individual cases of hardship and injustice that flooded her desk. Though she had been elected by the 10,000 white voters of Houghton, her constituency was quite literally the country's entire 20 million voteless black population.

With the major black political organizations banned and the opposition United Party moribund, Mrs. Suzman offered the only meaningful opposition at a crucially destructive time in South Africa's history, as Prime Minister Hendrik Verwoerd poured forth his grand apartheid legislation and Justice Minister John Vorster constructed his police state.

They were lonely years, socially as well as politically. The United Party, obsessed with the breakaway Progressives, lashed at her in the House and ostracized her in the lobby. She often lunched alone in her office.

The advent of Progressive colleagues after the 1974 election was a relief. She had company at last and others to share the load. But she was never quite as good after that. She had to trim herself to caucus decisions, play on a team rather than as a solo star. And though she is a good team person, it was her star quality that made her what she is.

As the party grew, her role dimmed comparatively. For a time it dimmed in the black community, too. For a white politician to represent the black majority was an impossible role. A self-assertive black consciousness movement arose in the late '60s that targeted white liberalism generally. It condemned all who held elected office under the apartheid system.

But Mrs. Suzman's image suffered most because of the strong stand she took against sanctions, which both in South Africa and abroad had become an issue charged with so much emotion that to oppose it on any grounds was to be labeled soft on apartheid.

Mrs. Suzman, accustomed as she is to taking her stand on conviction regardless of the consequences, spoke her mind, and she paid the penalty in lost esteem. One sad day in 1985 I heard a black man say at a funeral rally in Pretoria's Mamelodi Township that he was ashamed to speak from the same platform she had used.

Finally, Mrs. Suzman is not a radical, and the black community is becoming increasingly radicalized. On issues other than race she is quite conservative. In the United States she might have been a liberal Republican.

But even as she retires at the age of 71, her image in the townships is rising again. As with what she has done, though it may have been unpopular, was done out of conviction. And the legacy of gratitude is deep.

Mr. Sparks, a South African, writes frequently for The Washington Post.

## Giving Development a Human Face

By Idriss Jazairy

The writer is president of the Rome-based International Fund for Agricultural Development.

CAIRO — In 1974, Henry Kissinger called on leaders gathered at the World Food Conference in Rome to accept as a goal that "within a decade no human being's future and capacity would be stunted by malnutrition." At present, 15 years later, 40,000 of the Third World's poor die of hunger every day.

After years of research, experimentation and experience in the field, development specialists are now urging a greater emphasis on the human role. This, at least, is the message that leaders meeting this week in Cairo to discuss food issues are hearing.

What has been learned since 1974 is that people, however poor, malnourished or unschooled, must not be treated like so many tons of fertilizer, seed, irrigation tubing or shovels, to be used as input for indiscriminate growth. People have to be seen instead as the ultimate purpose of the development process.

How many times a day do bankers, business executives, the news media and bureaucrats speak of "human resources," as if people were widgets to be shuffled around with other materials for production purposes, as if humans were not the ultimate goal

of the production effort? When this mechanistic approach is applied in the developing world, "human resources" often choose to abandon the production process — especially if they see too quick and tangible benefit. In Burkina Faso, for example, it was only after hill farmers saw their crops increase dramatically that they plied in to build stone embankments for soil and water conservation.

Countless projects have failed because the people whose labor was needed were unwilling participants. The techno-centric as opposed to ethno-centric approach to development is doomed to failure; it ignores tastes, habits, customs, knowledge and experience.

What is required is nothing less than a complete reevaluation of the human element in development, shifting from a materialistic to a humanistic approach. Consistent with its calls for the promotion of freedom, democracy and human rights, the international community should be guided by the promotion of human fulfillment in the development process. Experience shows that sustainable development occurs only where people are happy and active in a project. That is what development is really about.

International Herald Tribune.

## It Can Start With a Handful of Rice

By Jerry Sternin

DHAKA, Bangladesh — A village woman in this country of 110 million people is the most disadvantaged and undervalued member of the community. She is considered a conproducible burden.

This traditional perception has had tragic results. The death rate for girls aged 1 to 5 in Bangladesh is about 60 percent higher than for male infants. Village females who survive infancy are more likely to be malnourished, to receive fewer years of education, to own less property, to play a smaller role in decision-making and to die at a younger age than males of their age.

There is a brutal logic behind this. As in many parts of the Third World, families generally favor sons over daughters because of the male's economic importance in a rugged agricultural society. Not only will he contribute to family income and status, but he will bring a wife into the household to produce additional sons and ensure the aging parents' well-being.

A girl, on the other hand, must be fed and clothed until she is old enough to marry. When a dowry must be paid. So parents are less generous with scarce resources — food, money, medicine — for an ailing or malnourished little girl than they would be for a boy.

But if there is logic in this vicious circle, means are also available to break out of it. For example, a woman can divert a handful of rice allotted for her dinner and carefully store it. After a week, she entrusts her "savings" to a child, who sells the rice for her in the market, which custom forbids her to visit.

In fact, these handfuls of rice have formed the basis for a successful women's savings program. The voluntary agency Save the

Children (USA) has helped 5,000 Bangladeshi village women join together in the past eight years to form more than 520 self-help groups. Using their savings, along with matching funds from the agency, the women have undertaken income-generating projects such as processing rice, raising poultry and making handicrafts.

Participants use some of the profits to buy extra food and medicine or to pay school fees. The balance is reinvested to earn additional income. Those first few handfuls of rice have grown into savings of more than \$35,000, a substantial sum in rural Bangladesh.

The savings groups give village women a sense of competence and effectiveness. They use their earnings to improve the living standard of their families. And to regular meetings, the women receive training in birth control, health, sanitation and nutrition. According to their interests, they may also get reading lessons or training in leadership, decision-making, bookkeeping or household management.

Gradually these activities transform the women's roles. From child caretakers and housekeepers,

they become planners, investors and family benefactors.

The women in this program are encouraged to raise their intellectual horizons beyond the walls of their compounds and to take part in the development of their villages. A woman's vote now carries the same weight as her male counterpart's on most village committees. Women also meet to exchange experiences.

In 1988, after more than two years of negotiations with village leaders, markets for women were opened. These markets, among the first in Bangladesh, enabled women to be self-reliant and contribute directly to the welfare of their families. Village women can now select the food their families eat and directly sell their own products without depending on middlemen who, of course, took a share of the profit.

As women have shown their ability to enhance the economic status and health of their families, they have gained status in the eyes of their husbands and communities. The health of their children, female and male, has improved as well.

Surveys show that baby daughters of women in the savings groups have a much higher survival rate than females born to nonmembers. Among savings-group participants, there is no difference between the survival rates of girls and boys.

And the incidence of life-threatening malnutrition is 40 percent lower among daughters of savings group members than among girls whose mothers have remained outside the self-help associations.

The writer, a former assistant dean at Harvard Business School, is director of Save the Children (USA) in Bangladesh. He contributed this to the International Herald Tribune.

## In Europe, A Luddite Heritage

By Giles Merritt

ROME — Will Europe be fettered by the ball and chain of high unemployment for the foreseeable future? Will the Europeans ever make the painful effort to regain global competitiveness by wholeheartedly installing new technology in their offices and factories, even if it means temporary losses of jobs?

Fifteen million people are registered as unemployed in the European Community, almost twice as many as in the early 1980s. Though the job crisis has eased slightly, there are few signs of serious improvement anytime soon, and the situation could get a great deal worse. Even optimistic forecasts of West European unemployment point to a continuation of today's rate of 11 percent, said Jean-Michel Collin, an economist at the Geneva-based United Nations Economic Commission for Europe. A pessimistic scenario, he said, calls for 16 percent unemployment by the year 2000.

Sadly, unemployment is fast becoming a political issue in Europe. The drive to create a single EC market by the end of 1992, and its economic and political implications, have eclipsed such gloomy topics as jobs. Yet, apart from the detail of Europe's strategy for 1992, it is clear that the issues of employment and productivity will be essential determinants of European well-being for many years.

When computers began to invade our lives in earnest, there were fears they would take away many livelihoods as well. In most European countries, though, there seems to have been an unspoken social consensus not to allow the electronics revolution to take full effect. Stand in line to cash a check at a bank in Italy, Greece or Spain and it is clear that the microelectronics revolution has had little impact on efficiency. The great computer

technology is stillifying —

screens are in place, but clerical workers still wrap themselves in elaborate amounts of paperwork.

It is not just in Southern Europe that computers have failed to bite into jobs. Europe's financial institutions and official bureaucracies are swollen with manpower. By some estimates, European banks employ twice as many people as they need, and charge their clients accordingly.

The real takeover by computers may still be some way ahead. For one thing, the dramatic shakeout in which "smart" machines were expected to displace people has been blunted by a general reluctance to see mass dismissals. Electronics experts say that the computing power of new information systems is often grossly underused.

Second, any mass loss of jobs seems more likely to occur in a second wave, when the high technology breakthroughs being achieved today bear fruit in the shape of new and as yet unnamed products.

For a parallel, consider the Industrial Revolution. In the industrializing countries of Northern Europe, the last quarter of the 19th century saw an exodus from the land. In Britain, six million people were displaced by new farm machinery. In fact, they were the victims of technological changes that had begun more than a half-century earlier, when the Luddites were smashing textile machinery in a desperate attempt to "save" their jobs. The employment shift and widespread social disruption caused by steam engines and iron founding took years to make a real impact.

In the case of microelectronics, it is not difficult to imagine such a second wave sweeping away the jobs of thousands of keyboard operators.

The problem of how to speed the introduction of more efficient new technology without causing social unrest is the focus of a report by the Organization for Economic Cooperation and Development. At a conference in Rome organized by Aspen Institute Italia, the OECD unveiled a study called "New Technologies in the 1990s," which argues that European countries must develop special "technology policies" dealing with improved education, more flexible industrial relations and new techniques for assessing technology.

Many European employers seem to fear that a passive resistance to new technology will become ingrained into workers' attitudes. The OECD report points to a widespread European "productivity paradox" in which unchanged work habits have negated the effects of more efficient technology and led to lower growth rates. Thus, Europe has, for the present, the worst of both worlds.

International Herald Tribune.

## 100, 75 AND 50 YEARS AGO

### 1889: Exhibition Melee

PARIS — Mr. William Liddell, a superintendent of the British section of the Exhibition, appeared before the Paris Court charged with having used strong language towards certain agents who refused to allow him to enter the Exhibition by one of the gates through which ingress was prohibited. Mr. Liddell, having stated that he did not know French, the presiding magistrate expressed astonishment, seeing that the prisoner in the dock had called the policemen "bêtes" and "imbéciles." He said that all Frenchmen were equally stupid. This was not the sum total of his misdeemeanors. As he was being taken to the police station he had written the finger of one of the policemen.

### 1914: Unrest in Ulster

LONDON — The situation in Ulster became gravely acute within the last few days. In Belfast tension has almost reached the snapping point, while in

rural districts the Ulster Volunteers have been warned that hostilities are practically certain to begin within the next fortnight. The military is now almost nightly engaged from darkness until dawn reconnoitering among the hills which surround Belfast.

### 1939: Czech Annexation

CHICAGO — Edouard Benes, last President of the former Czechoslovak Republic, yesterday [May 21] dispatched a message to the League of Nations protesting the invasion of Czechoslovakia by Germany and Hungary. Mr. Benes charged Germany with violating "fundamental and general principles of international law" and demanded that action be taken by the League. Mr. Benes formally asked the governments of France, Great Britain and Russia to uphold Czechoslovakia before the League, stating that Czechoslovakia was no longer able to defend its rights at Geneva as the result of "oppression and violence."



## OPINION

## A Soviet Democracy Is Not Just a Few Loose Ends Away

By George F. Will

WASHINGTON — President Bush is more emphatic than specific in his reiterated prayers for the "success" of Mikhail Gorbachev's perestroika. Specificity may not be necessary if one assumes that anything would be better than what the Soviet Union was in its first seven decades. But that assumption may be mistaken. If the Soviet Union is going to be more improved in its efficiency than in its intentions, putting enhanced productivity in the service of old expansionist ends, the assumption is dangerous.

The president's thinking was deployed in his speech at Texas A&M declaring "containment" a mission accomplished. Now, he intimates, the task is to tidy up the loose ends left by the unraveling of totalitarianism. The aim is "the integration of the Soviet Union into the community of nations."

The phrase "community of nations" may seem harmless if hackneyed. One

thinks with; they do reveal habits of mind and they can bewitch our intelligence. In Texas, Mr. Bush marveled, "Who would have imagined a Soviet leader who canvasses the sidewalks of Moscow and also Washington, D.C.?" The relevant Oxford dictionary definition of "canvass" is "the action of personally soliciting votes before an election."

Mr. Bush's laudatory use of the language of democracy is tame compared with that of the Columbia University professor who said the following about why Ronald Reagan and Mr. Gorbachev got on so swimmingly: "Gorbachev and Reagan were both country boys from their Midwest regions, both governors of sorts and both anti-establishment populists determined to restore a mythical golden age. Both stirred up the bureaucracy against them and elicited fervent support and fervent opposition."

Rather a lot of wool is packed into the words "of sorts." Being the elected servant of California's electorate and being the appointed instrument of the Politburo are dissimilar apprenticeships. Strange that the Soviet establishment let loose that "populist." And what was the Soviet "golden age"?

Another former governor, Jimmy Carter, who was recently revived by Mr. Bush as a counselor, has declared that Mr. Gorbachev is "the most humanitarian of the world's leaders." That is about as bawdy as the Columbia professor's opinion. But the professor at least does point, in his peculiar way, to the supreme question of contemporary politics: "Who is Gorbachev?"

More precisely, the question is: Given what we know about the socialization — education and political — of the Soviet ruling elite, what is it prudent to suspect about the settled aims of the man who has emerged as supreme over that elite?

It used to be said that the four stages of socialism are utopian, scientific, real and curfew. Now, we are told, there is a fifth stage: "Hey, about the last 70 years? We just changed our minds."

It was natural for Mr. Reagan, the sentimentalist and romantic, to think that the relations between nations could be reduced to sentiments shared by leaders, and to assume, with the partial complicity of a good American, that anyone not pointing a cocked pistol to your head probably has sentiments pretty much like yours. The pace and tonality of Mr. Bush's response to Mr. Gorbachev suggests greater sobriety, a quality not communicated by his language.

However, as the social ground heaves beneath the governments in the capitals of two turn-of-century communist revolutions, the language that matters most is body language. It is the stirring of — virtually the creation of — the body politic in the Soviet Union and China. The result may be that fifth stage of socialism. Or the result may be a curfew. Washington Post Writers Group.



## LETTERS TO THE EDITOR

## Greenpeace: We Have 'Never Faked a Film'

Regarding "How to Lose Friends and Irritate People" (Opinion, May 9):

Jonas Kristjansson attacked Greenpeace for campaigning against the continued whaling by Iceland in violation of the International Whaling Convention, or IWC, to which Iceland is a party. He admits that Iceland's present kill of nearly 80 whales a year "is out in keeping with the spirit of decisions" of the International Whaling Commission, and says that the hunt "is not necessary for scientific purposes, as claimed by the Icelandic government."

But he criticizes Greenpeace, saying it has picked on Iceland and played on the emotional reaction of world opinion against the killing of seals and whales. He charges that Greenpeace has distributed film with "allegedly acted or disinformation episodes," and that it has been trying to "pressure" Scandinavian television stations to prevent the showing of an Icelandic film "documentary" that makes these same charges, and which the Icelandic government now admits it helped to finance.

The allegations in the film are wholly false, and Greenpeace is trying to prevent their circulation by all legal means. Greenpeace has never faked a film. The "innocent eyes of baby seals," which the article accused Greenpeace of exploiting in its films, were the eyes of real seals being killed by real hunters with real clubs. There was no Hollywood staging, as the TV documentary alleged.

All whale species that Iceland kills or wants to kill are on Appendix I ("threat-

ened with extinction") of the Convention on International Trade in Endangered Species. Most nations of the world have signed this convention, but not Iceland. The Icelandic government's estimates of whale populations around Iceland are nothing more than guesses. The raw data on which the Icelandic estimates are based have not been made available to the relevant body — the Scientific Committee of the International Whaling Commission. With the possible exception of the bumpback — which has been fully protected from whaling for decades — there is no evidence that whale stocks around Iceland are increasing.

The Icelandic parliament voted in 1983 not to object to the IWC moratorium on commercial whaling, but the government immediately set about to circumvent it, finally coming up with "scientific" whaling, regarded everywhere but in Iceland, Japan and Norway as a scientific hoax.

Greenpeace does not concentrate its campaigning or fund-raising activities on seals and whales. More than 70 percent of its income consists of annual subscriptions from members who support the full range of its campaigns — on nuclear issues, disarmament, toxic chemical pollution, atmospheric pollution — as well as ocean ecology issues such as whales and seals.

Greenpeace is an independent, international organization that has been campaigning to preserve the natural environment since 1971. From the beginning, its actions have been based on the

belief that unless humanity could live in harmony with the rest of the living world, future generations would pay a very heavy price.

In 1971, such opinions were considered "alternative," extremist and scare-mongering. Now governments are falling over one another to satisfy growing public concern on environmental issues.

Ironically, Iceland had one of the more forward thinking governments on most environmental matters. How sad to see it sink to such depths to try to hang onto its anachronistic whaling industry.

The global community has spoken on the whaling question. If we cannot join to save the whales, how can we hope to save ourselves?

DAVID McTAGGART  
and LLOYD N. CUTLER  
Washington.

Mr. McTaggart is the chairman of Greenpeace International. Mr. Cutler is a Washington lawyer and occasional columnist for Greenpeace.

## In Red Square Next?

Mikhail Gorbachev's feelings during his visit to Beijing must have been akin to those of a man watching his mother-in-law drive over a cliff in his new Mercedes. If it had been up to the students in Tiananmen Square, Mr. Gorbachev might have been made China's leader on the spot. Yet, he can do no better than the same scene in Red Square — but with Boris Yeltsin's picture all over the place.

CHUCK PAINTER  
Rome.

## 'Calcium,' She Explained (It Looked Like Broccoli)

By Ellen Goodman

BOSTON — A friend and I go through the lunch line together. We pause at the salad bar, while she carefully picks up six green flowerettes. "Calcium," she explains. I thought it was broccoli.

I sit down at a table with a colleague who is deliberately spearing beige flakes

## MEANWHILE

of food with his fork. "Protein," he says. I could have sworn it was tuna.

I am on the subway when a student next to me reaches into a bag, grabs something yellow and peels it. As if to explain her intense, even desperate chewing, she utters one word: "Potassium." It looked like a banana to me.

Forget about Paul Prudhomme and Julia Child. Never mind the sauces of France and the spices of Mexico. This is what eating is like in America today. Like taking medicine.

The haute cuisine of the body-conscious culture has become Nouvelle Nutrition. Americans don't exchange recipes as much anymore as they exchange information. Pleasing the palate has become a secret vice, while fiber-fueling the colon has become a most public virtue. Any day now I expect even the supermarkets to arrange their aisles: complex carbohydrates to the right, simple to the left.

I cannot date the precise moment when Americans began to think of food as medicine. I know for sure that the nutrition I learned in school was as circumscribed as the four basic food groups. I got the general idea that as long as there were different color foods on the plate, I was okay. The only certified culinary cure of my childhood was chicken soup for the common cold.

But somewhere along the way America came a far more sophisticated, far more suspicious, food-fixated culture. The oldest anxiety about food — is there enough? — was translated into this new anxiety. The body is now re-

garded as a complicated, even fragile item — like a sports car — that won't operate right unless it is cared for with utmost precision by its owner.

The more Americans learn, the more they fine-tune their diet. Going to run tomorrow? Load up on some carbohydrates tonight. Got a test at 2 P.M.? Proteins at noon. Feel the 4 P.M. blues? Have a nice big piece of fruit. Trouble sleeping? You over should have had that amino acid.

Even the television ads today are like entries in a medical journal. The caring family is shown as each member begins the day with a bowlful of antioxidants for rectal cancer. That is followed almost immediately by a poison to prevent osteoporosis. Americans have legumes for lunch and balance their electrolytes with dinner.

The epitome, or pièce de résistance, of food as medicine is, of course, oat bran. This is the good grain you should ingest to counter the bad cholesterol you ingest. Oat bran is the current four-star item on the Nouvelle Menu, having barely and recently edged out calcium.

Admittedly, there are some advantages to the food-is-medicine school, although the taste of oat bran isn't one of them. It offers a balanced diet of worries. Americans don't just concentrate on the bad things in their food — from fat to A-lar — they get obsessed with the good.

But there is something missing in any cuisine that asks us to think of a banana as a portion of potassium. There is something skewed about an eating regimen designed to do the most for every part of your body except the tip of your tongue.

What I need, creature of comfort that I am, is a regular dose of chocolate truffles. It has all the necessary ingredients for my health. My mental health. Put it before me and I promise to take my medicine.

Washington Post Writers Group.

## Dr. Seuss's Advice: Spit a Lot

NEW YORK — It's diploma

season, and across America graduates' eyes glaze over during commencement ceremonies. Theodore Seuss Geisel, who lives in La Jolla, California, likes to write — he is Dr. Seuss, the author of children's books — but he dislikes making speeches. When Lake Forest College gave him an honorary degree in 1977, he was asked to give a formal speech.

No, he said, I won't. I'll say a few words when you hand me the sheepskin. He indeed meant a few words. The appreciative audience gave him a standing ovation. Here's what he said:

My uncle ordered popovers from the restaurant's bill of fare. And when they were served, he regarded them with a penetrating stare. Then he spoke great Words of Wisdom as he sat there on that chair: "To eat these things," said my uncle, "You must exercise great care. You may swallow down what's solid. But you must spit out the air! And as you partake of the world's bill of fare, that's darned good advice to follow. Do a lot of spitting out the hot air. And be careful what you swallow." The New York Times.

## GENERAL NEWS

## Hungary Party Radicals Unite

By Imre Karacs

Washington Post Service

SZEGED, Hungary — Communist Party radicals have set off on a collision course with their old-line leadership by creating the first distinct ruling-party "reform wing" in the Soviet bloc and calling for Hungary's withdrawal from the Warsaw Pact.

Other similarly radical declarations were included in a manifesto issued at a conference in this southeast Hungarian town.

The radicals, who represented more than 100 change-minded groups, called Reform Circles, advocated "neutrality" guaranteed by the two superpowers. They also demanded an official reappraisal of the 1956 anti-government uprising, immediate talks with opposition groups on a planned transition to a multiparty system and a wholesale transformation of the economy.

Nine months after its formation, the Reform Circle movement ap-

pears positioned to win control of the party. The strength of the group was highlighted by the fact that three members of the nine-man ruling Politburo — Imre Pozsgay, Rezső Nyers and Pál Vastagh — were among the 3,000 people who attended the rally Sunday that concluded the weekend conference.

The rally was evidence of an attempt to break with the party's traditions. Instead of the customary workers' choir, the audience was warmed up by a Dixieland band, which had been told, the band leader said, "to sing only in English."

"Our comprehensive crisis today," according to the Reform Circle manifesto, "is the crisis of Asiatic despotism. The demolition of this system, and its democratic socialist transformation, is indispensable."

No political declaration in Hungary seems complete these days without the word "crisis," and the Reform Circle's manifesto is lit-

tered with the expression. The Communist Party "is in deep crisis," the manifesto said. "It lacks a credible leadership, a national program and a membership that can be mobilized."

The conference statement on the economy was equally condemning. "The economic system needs to be changed because only a functioning system can be reformed," it said. "The present system does not function."

The harshest words were reserved for the government's response to the 1956 uprising, which several conference delegates referred to as a "revolution." The manifesto described Imre Nagy, the prime minister who was executed in 1958 for his role in the uprising, as a "victim of a political show trial." It also recommended that the party's policy-making Central Committee "endorse this statement before June 16," the date of a new funeral honoring Nagy.

## Hungary's Jews Discover Judaism

After Communism, a 'Renaissance' of Consciousness

By Alexandra Shelley

Special to the Herald Tribune

BUDAPEST — The head of the newly founded Federation to Maintain Jewish Culture in Hungary, Endre Rozsa, was a Roman Catholic altar boy. Like many children of Holocaust survivors here, he discovered his Jewishness, which was carefully hidden by his parents, accidentally.

As a 12-year-old and — an anti-Semite, he said — he returned home from school one day and laughingly told his parents that a classmate had called him a dirty Jew. He did not understand his mother's violent reaction.

"That evening," he said, "my father called me into his room and explained to me that it was complicated. We were related a little bit with the Jews but absolutely not. It was a total confusion."

Now 42 and with three children of his own, Mr. Rozsa, a well-known radio host, is trying to reconstruct this heritage.

Throughout Hungary, young people like Mr. Rozsa are orchestrating what is being called a "renaissance" of Jewish consciousness. "Their parents became Communists after the war because all generations look for a creed," said György Litvan, a historian.

"Our generation was founded in Marxism and Leninism," Mr. Litvan said. "This creed is collapsed. Now they are looking for something which can help them to live

and to find values and orientation."

This search gave rise to the cultural federation, an amalgam of groups studying everything from the Talmud and Jewish history to modern Hungarian Jewish art. Its leadership is also beginning to assume an activist role, speaking out against the treatment of the Hungarian minority in Romania, marching under a separate banner in demonstrations and lobbying for Jewish elementary schools and Hebrew instruction.

Six months after its founding, the federation has more than 1,000 members. As an independent organization that goes beyond the strictly religious definition of Judaism, it would have been unthinkable even a year ago.

In the past, those who studied Jewish customs and texts or gathered simply for social reasons in private apartments were harassed by the police.

Recent Jewish history was obliterated from speeches and publications by simple taboo on the use of the word "Jew." The deportation and death of 600,000 Hungarian Jews in the Holocaust was relegated to a paragraph in history books.

Censorship was explained as a measure to protect the Jews. Mr. Rozsa said programs on Jewish topics were shelved when his bosses at the radio told him in a "very friendly" way that they could not

be run because they would provoke anti-Semitism.

So without a high profile, like that of the Soviet Jews who sought to emigrate, or any overt legal discrimination, the 80,000-member Jewish community, the largest in Eastern Europe after the Soviet Union, retreated into silence.

Now the growing pluralism and freedom of the press under Karoly Grosz, the Communist Party leader, has created outlets for a revival of Jewish culture. The signs are everywhere: on the newsstands, where one can buy Past and Future, the new Jewish journal; at the Maribanyi Square culture house on Sundays, where since February teen-agers have been learning Israeli folk dances; at the Budapest humanities university, which last year inaugurated a Jewish studies program.

Although this cultural revitalization has not spilled over into the regular observance of the religion — only an estimated 10 percent of Hungary's Jews are practicing — this year about 3,000 showed up for Yom Kippur services at the huge Dobosy Street Synagogue.

In the little more than a year since Israel reopened low-level diplomatic ties with Hungary, severed after the 1967 Middle East war, the Israeli interest section has issued more than 7,000 tourist visas. Tours by the Hungarian travel agency have been sold out for the rest of the year.

## Your Oxford Summit.

For three days this September, world business and academic leaders will meet at Oxford. You should be among them.

The occasion is the sixth annual International Business Outlook Conference sponsored by the International Herald Tribune and Oxford Analytica Ltd. The subject is the world. In three days, in small seminar groups, participants will review the current political, economic and social forces shaping the global business climate.

At the same time, the Conference offers periods of quiet reflection and relaxation with a social program appropriate to its distinguished setting.

The closing banquet, at Blenheim Palace, will be addressed by a leading international figure.

We hope you can join us in Oxford in September.

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AmSci	5195	21 1/2	21	21 1/2
Ecob's	3667	9 1/2	9 1/2	9 1/2
Veeva	3561	9 1/2	9 1/2	9 1/2
BAT	1148	10 1/2	10 1/2	10 1/2
Frutit	3063	9 1/2	9 1/2	9 1/2
DWI	3062	13 1/2	13 1/2	13 1/2
TenAr	2755	13 1/2	12 1/2	13 1/2
MeMHC	2245	5 1/2	5 1/2	5 1/2
Dicome	2181	10 1/2	10 1/2	10 1/2
W&S	1980	34 1/2	34 1/2	34 1/2
TopPd	1980	11 1/2	11 1/2	11 1/2
IntBk1	1967	5 1/2	5 1/2	5 1/2

poultry concern and its Class 'A' shares added 7/8 to 18 1/8 to over-the-counter trading.

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TUESDAY, MAY 23, 1989

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## INTERNATIONAL STOCK MARKETS

## Exchange in Hong Kong Exhibits China Syndrome

By COLEEN GERAGHTY

International Herald Tribune

HONG KONG — The Hong Kong Stock Exchange might as well be sitting in the middle of Tiananmen Square, so powerful has been the effect of political unrest in China on the territory's stock market. Parity sellers have shaved 503.07 points, or 15.2 percent, from the Hang Seng Index since it hit an 18-month high of 3,309.64 just last Monday.

Stockholders were frantically dumping shares on Monday, selling them and switching their money into U.S. dollars in a self-sparked by the political unrest in China. Following a 152.03-point slide on Friday, the Hang Seng plunged 339.06 points, or 10.8 percent, on Monday, to 2,806.57. The Hong Kong dollar, meanwhile, fell to about 12.74 U.S. cents from 12.84. It is officially linked to the U.S. currency at about 12.82 cents.

The Monday decline in the Hang Seng, the largest fall since the 30 percent drop following a three-day closure during the 1987 collapse, came after hundreds of thousands of people in Hong Kong demonstrated on Sunday in support of prodemocracy protests in China. Volume was a post-collapse record 3 billion Hong Kong dollars, surpassing the 2.93 billion dollars of Jan. 30.

"There's a feeling either cracked skulls or anarchy are going to emerge," William Phillips, managing director of Baring Securities in Beijing, told Reuters. "Neither is good for business."

Last week, investors were motivated by growing fears of a confrontation between soldiers and the student demonstrators staging a hunger strike in Beijing's Tiananmen Square. Evidence of an emerging hard line toward the demonstrators is seen as an omen that Hong Kong's unique economic and social structure will not be tolerated when China regains control over the territory in 1997.

But Monday's dramatic sell-off was triggered by a second and more immediate concern: how the increasing disorder in China would affect Hong Kong's economic health.

"If there is a conciliatory gesture by the leadership, if someone steps down, we could see an initial bounce in the market," said Nick Peacock, director of research for Citicorp Scrimgeour Vickers. "But an inevitable period of uncertainty will follow because of the political vacuum in China. Companies looking to invest in Hong Kong will be put off."

BROKERS said local shareholders have been heavier sellers than international investors since Friday. But the potential for massive foreign institutional selling was present because these investors, who locked in currency gains with the recent buoyancy of the Hong Kong dollar, could decide to take profits now, brokers said.

Other sellers might include foreign fund managers who took heavy positions in Hong Kong last year, when blue-chip equities were trading at up to 40 percent discounts to net asset value. On the other hand, a 2,800-point market offers good value in a economy that is fundamentally strong, brokers said. Timothy Moe of Jardine Fleming Holdings Ltd. observed that the average stock price is only eight times that of prospective earnings per share, a relatively attractive ratio.

The market is cheap unless you believe that the situation in China is going to dissolve into civil war," he said. A prolonged case of the stock market jitters market need not signal disaster, brokers pointed out. While Hong Kong recovered more slowly than other world markets from the 1987 global equity crash, its domestic economy surged, and corporate profits rose by 25 percent. A true reading of whether recent events in China will trigger profound loss of confidence in Hong Kong will be found in the local real estate market, brokers said.

Hong Kong's property market is notoriously sensitive to China politics. In early 1981, when doubts about the territory's future

See HONGKONG, Page 13

## Currency Rates

Cross Rates	May 22
Australian dollar	1.5775
Belgian franc	40.3375
British pound	1.6425
Canadian dollar	1.2125
Deutsche mark	1.7825
French franc	6.5575
Italian lira	1,936.25
Japanese yen	163.875
Netherlands guilder	2.20625
New Zealand dollar	1.2725
Portuguese escudo	200.4875
Spanish peseta	166.6375
Swiss franc	1.4825
Taiwan dollar	24.6375
West German mark	1.7825
Yen	163.875

Chang in London, Tokyo and Zurich, plus in other centers. New York closing rates.  
a: Commercial rates; b: To buy one pound; c: To buy one dollar; d: Units of 100; N.G.: Not quoted; N.A.: Not available.

Other Dollar Values	May 22
Australian dollar	1.5775
Belgian franc	40.3375
British pound	1.6425
Canadian dollar	1.2125
Deutsche mark	1.7825
French franc	6.5575
Italian lira	1,936.25
Japanese yen	163.875
Netherlands guilder	2.20625
New Zealand dollar	1.2725
Portuguese escudo	200.4875
Spanish peseta	166.6375
Swiss franc	1.4825
Taiwan dollar	24.6375
West German mark	1.7825
Yen	163.875

New York rates unless marked \* (local rates).

Forward Rates	May 22
30-day	1.5775
60-day	1.5775
90-day	1.5775
120-day	1.5775
150-day	1.5775
180-day	1.5775

Sources: Reuters, Bank of America, Citicorp, Deutsche Bank, etc.

## Interest Rates

Currency Deposits				May 22				
	Dollar	0-Month	Swiss	Starline	Yan	Yan	ECU	Dollar
1 month	9 1/8-9	6 1/4-6	7 1/4-7 1/2	12 1/2-12 1/2	8 1/2-8	5 1/2-5	8 1/2-8	8%
3 months	9 1/8-9 1/2	6 1/4-6 1/2	7 1/4-7 1/2	12 1/2-12 1/2	8 1/2-8	5 1/2-5	8 1/2-8	5%
6 months	9 1/8-9 1/2	6 1/4-6 1/2	7 1/4-7 1/2	12 1/2-12 1/2	8 1/2-8	5 1/2-5	8 1/2-8	5%
1 year	9 1/8-9 1/2	6 1/4-6 1/2	7 1/4-7 1/2	12 1/2-12 1/2	8 1/2-8	5 1/2-5	8 1/2-8	5%

Sources: Morgan Guaranty (Dollar, Dhs, S.F. Pound, FF, Yen); Lloyds Bank (ECU); Reuters (SDR). Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

Key Money Rates May 22	
Placed Rate	Close Prev.
1 month	7.25
3 months	11% 11/16
6 months	9 11/16 9/16
9-month	8 1/2 8 1/2
12-month	8 1/2 8 1/2
3-month Treasury bill	8.25 8 1/4
6-month Treasury bill	8.25 8 1/4
9-month Treasury bill	8.25 8 1/4
12-month Treasury bill	8.25 8 1/4

Asian Dollar Deposits May 22	
Placed Rate	Close Prev.
1 month	9% 9/16
3 months	9% 9/16
6 months	9% 9/16
1 year	9% 9/16

Sources: Reuters.

U.S. Money Market Funds May 22	
Placed Rate	Close Prev.
1 month	7.25
3 months	11% 11/16
6 months	9 11/16 9/16
9-month	8 1/2 8 1/2
12-month	8 1/2 8 1/2
3-month Treasury bill	8.25 8 1/4
6-month Treasury bill	8.25 8 1/4
9-month Treasury bill	8.25 8 1/4
12-month Treasury bill	8.25 8 1/4

Gold May 22	
Placed Rate	Close Prev.
1 month	9% 9/16
3 months	9% 9/16
6 months	9% 9/16
1 year	9% 9/16

Sources: Reuters, Bank of America, Citicorp, Deutsche Bank, etc.

## Victorious Menem Now Faces Incumbent Argentine Economy

By James Brooke

New York Times Service

BUENOS AIRES — At a boutique on Calle Florida, this capital's chic shopping street, a saleswoman beamed when a customer admired a coat made of sleek Tiera del Fuego fox.

Her smile faded when the customer offered to pay in australes, Argentina's currency. American dollars, cash or check were preferred. Credit cards are out. Last week, the austral lost half its value against the dollar.

Carlos Saul Menem, the Peronist candidate who won Argentina's presidential election last Sunday, inherits a once-proud nation now demoralized by what some observers see as the country's deepest economic crisis of this century.

Salaries have lost 40 percent of their purchasing power in the last five years.

This month, prices are expected to jump 60 percent, an Argentine record.

The budget deficit has swollen to equal about 15 percent of the gross national product.

Factory managers are unable to calculate prices in australes for such products as cars, clothes, flour and pharmaceuticals, and they have started laying off workers. Use of industrial electricity is running at levels 13 percent below last year.

The austral has gone from 17 to the dollar in February to 160 last week. Banks and foreign exchange houses were closed by the government Monday and might remain so Tuesday as current officials and the Peronists worked on an economic package.

Unable to pay interest on its \$60 billion foreign debt for the last year, this nation of 32 million people scrapes by

with \$500 million worth of reserves — enough to cover one month's imports.

"It's Argentina's worst economic crisis of this century," said Javier A. Gonzalez Fraga, an independent economist.

As a presidential candidate, Mr. Menem was vague in his prescriptions for fighting Latin America's third-largest economy.

He relied on his personal charm, on the historical appeal of Peronism, and on widespread anger over the mismanagement of Argentina's economy in recent years. He outpolled the ruling party's candidate by 10 percentage points.

Under Argentina's constitution, Mr. Menem had been scheduled to take office Dec. 10. But President Raul Alfonsin agreed Sunday to leave office months earlier rather than put the country through a seven-month transition period. No date

was set, but July 9 appeared to be the likeliest.

Two groups of Peronist economists are jockeying for control of economic policy. Mr. Menem has said that he will name his economy minister in mid-June.

In the forefront is Eduardo Bauza, 49, a Peronist member of Congress who heads Mr. Menem's economic transition team. A longtime friend and adviser of Mr. Menem, Mr. Bauza owns a pasta factory in La Rioja, the province where Mr. Menem is governor.

Mr. Bauza and his supporters are believed to favor traditional Peronist economic policy: import tariffs, fixed exchange rates and subsidies to expand industrial and agricultural exports.

The other group, led by Domingo Cavallo, a Harvard-educated economist, and Guido Di Tella, a Peronist member of the Chamber of Deputies with experi-

ence in Britain, generally favors foreign investment and a reduced role for the state.

Peronists have only governed Argentina for three of the last 35 years. But historically, Peronist supporters have associated their movement with generous social programs and improved standards of living.

In 1946, when the party's founder, Juan D. Peron, came to power, surplus gold bars were stacked in the halls of the central bank here. But with the central bank now virtually empty, Mr. Menem faces harder choices.

This month, for the first time, inflation will cross the psychological barrier of 38 percent, a level attained in March 1976. In that month, the armed forces overthrew Argentina's last Peronist president, See ARGENTINA, Page 13

## EC-Soviet Accord Is Proposed

## Community Calls For Trade Pact

Reuters

BRUSSELS — The European Community on Monday proposed a 10-year trade and economic cooperation agreement with the Soviet Union and improved its offer for a similar accord with Poland in recognition of political changes there.

The commissioner for external relations, Frans Andriessen, also asked the 12 EC foreign ministers to consider a pioneering role for the EC's European Investment Bank to help Poland and other East European states with their foreign debts.

A novel feature of the proposed accord with Moscow is that it would cover nuclear matters, especially safety, that have been at the forefront of public concern since the 1986 accident at the Soviet nuclear power station at Chernobyl.

"The scope of the agreement is very general, and its potential is considerable," a spokesman for the EC's Executive Commission said. The Soviet bloc last year ended three decades of reluctance to deal with the community as an economic entity; the two sides have moved quickly to improve relations.

Hungary and Czechoslovakia have already signed trade and cooperation agreements with the community. Negotiations are under way with Poland and Bulgaria, and will start soon with the Soviet Union and East Germany.

Total EC-Soviet trade was valued at about \$25 billion last year, with a Soviet surplus of about \$3 billion thanks to its oil and gas exports. The Soviet leader, Mikhail S. Gorbachev, wants to boost trade and gain access to Western technology and expertise for his program of economic restructuring.

The EC negotiating position proposed Monday by Mr. Andriessen offers to scrap some import quotas on Soviet goods and increase cooperation in such fields as science, technology, transport, energy and the environment. In return, the community wants better access for its businesses to the Soviet market.

The negotiating mandate must now be approved by the 12 EC governments.

The commission spokesman said Mr. Andriessen also gave ministers a report on last week's negotiations for a trade agreement with Poland and suggested the community might be more generous over import quotas for Polish goods, trade in agriculture and using the European Investment Bank to alleviate its debt burden.

## Deutsche Sets Sights on U.S.

## While Wall Street Retrenches, German Bank Gears Up

By Michael Quint

New York Times Service

NEW YORK — Backed by a capital-rich balance sheet and its dominant position in West Germany's powerful economy, Deutsche Bank has set its sights on a new target: the U.S. securities markets.

Unlike many New York brokerage firms, which in the last 18 months have been cutting their work forces and pulling out of major lines of business, West Germany's largest bank is pushing ahead with its strategic plan to expand its U.S. securities activities.

"It is true that at present there are too many participants and profit margins are too low in many markets," said Rolf E. Breuer, managing director at Deutsche Bank in charge of its worldwide securities activities.

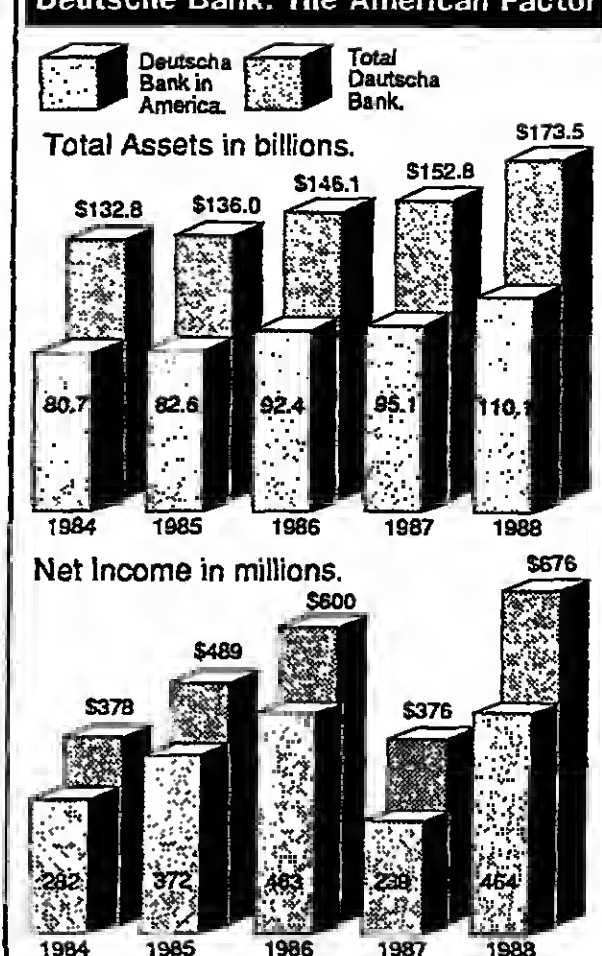
But as the trend continues for corporations to get financing in capital markets rather than through commercial bank loans, Mr. Breuer said, "we see a strong future in investment banking and securities."

Rather than imitate its competitors, the West German giant is learning from their mistakes. Having avoided overpopulated markets like the London Stock Exchange and the British government bond market, Deutsche Bank is all the more prepared to grow while others are licking their wounds from overambitious expansion in the mid-1980s.

It reckons that top-flight staff can be hired more cheaply while other companies are handing out pink slips, and that new customers are more easily gained while other firms are retrenching.

"We are not frightened by not making a profit in a new market

## Deutsche Bank: The American Factor



— an intensely competitive market with meager profit margins, but one that is crucial to financial services firms because it is the benchmark for interest rates

Deutsche Bank Capital, "but the prices that were being asked in 1986 and 1987 for other firms or people were outside the commercially reasonable range."

Today, the 60-person Deutsche Bank Government Securities Inc. "is not making haystacks of money, but it is reasonably profitable, which I think is quite an accomplishment," Mr. Strenger said.

Mr. Breuer noted that the Treasury market has long attracted foreign central banks as buyers, but now the client base is becoming considerably broader.

The company confidently expects the Federal Reserve Bank of New York to recognize it as a primary dealer in Treasury issues, a prestigious status that is important to some potential customers.

Deutsche Bank's success in the Treasury market comes at a time when American firms are complaining about the lack of profitability, and some foreign firms are abandoning it. Earlier this year, for example, Lloyds Bank PLC and National Westminster

"We were late entering the market," said Christian H. Strenger, managing director of

## Oil Prices Slip On Reports of OPEC Proposals

Reuters

NEW YORK — Oil prices fell on Monday because of industry reports that Saudi Arabia and Kuwait, two of OPEC's most influential members, want major policy changes when the cartel meets in Vienna next month.

The authoritative Middle East Economic Survey said Saudi Arabia was proposing that the cartel adopt a floor price of \$15 a barrel, down from the \$18 target now in force.

Kuwait was said in a separate report to be ready to flood the market if the cartel fails to allocate a bigger output quota when ministers of the Organization of Petroleum Exporting Countries meet next month.

In oil-futures trading in New York, West Texas Intermediate crude for delivery in July was off 17 cents a barrel, to \$18.57, after hitting a low of \$18.25 a barrel. Traders said \$18.25 looked like a strong support level.

The market is nervous and looks as if it is ready to vote thumbs down for OPEC just now," said an oil trader in Europe as prices extended the recent retreat. The benchmark North Sea Brent Blend for delivery in July slipped to a two-month low of just less than \$17 a barrel.

OPEC ministers are to start preliminary talks in Vienna on June 1, with a full conference to begin June 5. The session is to set output quotas, which will largely determine prices, for the second half of 1989.

The Middle East Economic Survey, an authoritative newsletter published in Nicosia, reported Monday that Saudi Arabia had revived a proposal for OPEC to scrap the present target price of \$18 and instead have a \$15 floor.

The newsletter said that the Saudis envisage \$15 as a kind of safety

net and that their proposal "is meant to remove any theoretical restriction on OPEC members charging above \$18 when market forces move prices above that level."

Some traders agreed that it could open a way to higher, not lower, prices. They noted, as the newsletter did, that King Fahd of Saudi Arabia said recently that oil could reach \$26 if those OPEC members that are now exceeding mandated supply quotas stuck by the rules.

But in the current market, the traders saw a negative psychological impact in talking of a floor level.

Speaking of OPEC, one trader said, "They no longer seem to be shooting at goal but falling back in defense."

Separately, another industry newsletter, the Petroleum Intelligence Weekly, said Kuwait would take a tough line with OPEC on a demand for a higher supply quota.

The Saudis, with apparent majority support, have been saying that the 13 cartel members should all get pro-rata increases in their individual quotas in Vienna, provided the ministers judge that stronger oil demand does warrant a rise in the overall OPEC production ceiling, now officially 18.5 million barrels a day.

But the weekly said Kuwait seeks more than a pro-rata rise for itself and for the United Arab Emirates. If thwarted, the pair might simply go ahead and sell an extra one million barrels a day.

The weekly, which is based in New York, wrote that it was "reliably informed that this is precisely the message that Kuwait will deliver" at the June meeting. The Kuwait oil minister, Sheikh Ali Khalifa al Sabah, has just visited the United States.

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Chief Executive

## Warner Removes Pitfall In Merger With Time

The Associated Press

NEW YORK — Warner Communications Inc. removed a potential obstacle Monday to its \$1.8 billion merger with Time Inc. by settling a dispute with its biggest shareholder, Chris-Craft Industries Inc.

Warner agreed to put its interest in Chris-Craft's broadcast subsidiary up for sale and to relinquish its right of first refusal to buy Chris-Craft's sizable holdings of Warner stock, should Chris-Craft decide to sell them.

The chairman and chief executives of both companies, Steven J. Ross of Warner and Herbert J. Siegel of Chris-Craft, said in a statement, "We are delighted that despite our earlier differences, the relationship between WCI and Chris-Craft is ending on a constructive and amicable basis and in the best interests of all the shareholders of the concerned parties."

There was no immediate word from Chris-Craft on whether it planned to sell its Warner stake or how it planned to vote on the Time-Warner merger. Chris-Craft owns about 17.1 percent of Warner's voting stock and would be the largest shareholder in a merged Time-Warner, with about 11 percent.

In trading Monday on the New York Stock Exchange, Warner shares gained \$1 apiece, to close at \$51.375. Time shares rose 75 cents,

to \$125.50, and Chris-Craft stock climbed \$1.125, to end at \$38.

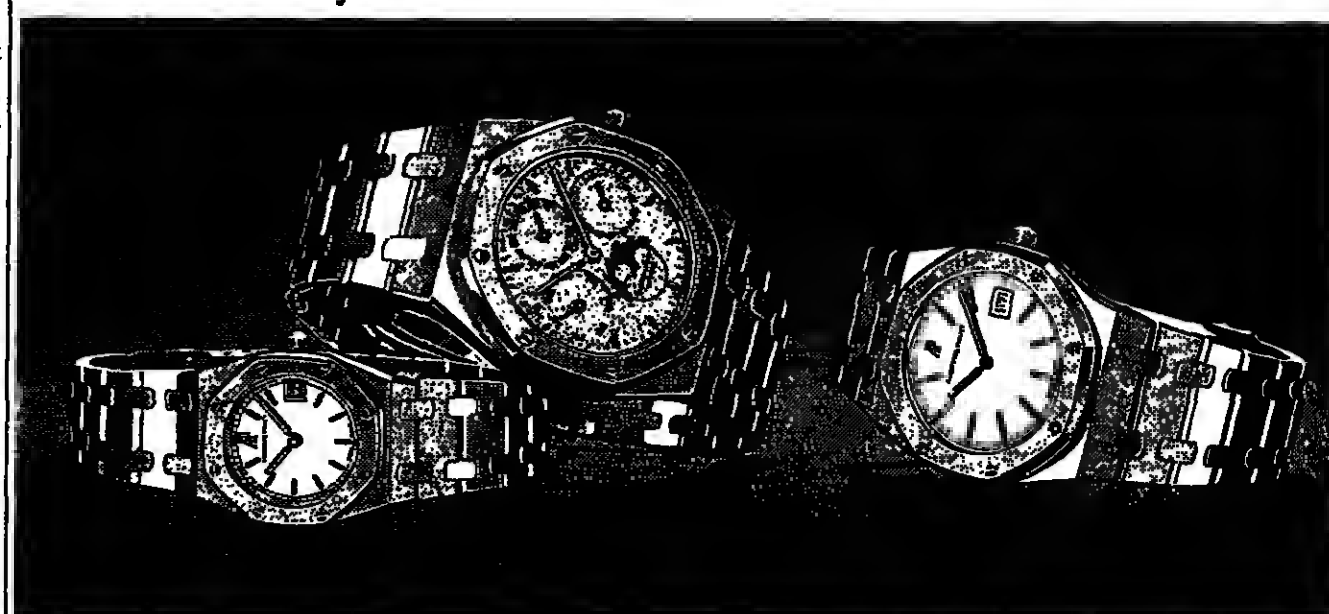
Several other obstacles remain to concluding the merger, which would create the world's largest entertainment and media concern with interests in magazines, records, books, films, television programming and cable TV systems.

The Securities and Exchange Commission and the shareholders of the two companies must approve it. A Warner spokesman, Geoffrey Holmes, said he was hopeful of securing SEC approval within a few days after which he said the shareholders' meetings would be scheduled, possibly for late June.

Several local cable franchising authorities also must approve the change in ownership of cable systems in their areas. Time owns 11

See WARNER, Page 11

## The Royal Oak.



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## BUSINESS ROUNDUP

## New PC Line Boosts Compaq Shares

**NEW YORK** — Shares of Compaq Computer Corp. rose on Monday while those of its personal computer rival International Business Machines Corp. fell after Compaq introduced a new high-powered personal machine.

Analysts said that with the new desktop computer, Compaq had once again upstaged IBM, beating the world's largest computer maker to market with the latest in personal-computer technology.

In trading on the New York Stock Exchange, IBM fell \$1.25 a

share, to \$109.875, while Compaq climbed \$3.125, to \$87.125.

The new machine is based on a new 33-megahertz version of the Intel Corp. 80386 microprocessor and is designed for applications including computer-aided design, financial modeling and software development, the company said.

Compaq said the machines can be used as personal information centers for offices that use other, less powerful computers at individual work stations.

Compaq released test data showing that the new machine, called

the Deskpro 386/33, would outperform some minicomputers under certain circumstances.

With 38 users accessing it, the data showed new machine running 58 percent faster than either Digital Equipment Corp.'s VAX 785 or IBM's 9370-60 minicomputers.

The company said the new machine represented a further step in the use of personal computers to perform tasks earlier done by minicomputer units.

"I think it will be a significant product for the company and that the company is very well positioned in the marketplace," said Thomas Galvin, an analyst at Smith Barney, Harris Upham & Co.

Fred Thorlin, a computer analyst at the California-based Dataquest Research Organization, said the machine would likely prove popular in engineering, computer-automated design and for link other machines together.

"Very few people need a 32-bit computer," said David Wu, an analyst at S.G. Warburg & Co. "Basically it is for a very small percentage of the world."

The new Compaq series of three models range in price from about \$10,500 to almost \$18,000. Worldwide shipments are to begin this month, with deliveries in June.

**Digital Shares Slump**

Shares of Digital Equipment Corp. slumped on Monday as investors reacted to the company's announcement Friday that it would freeze U.S. employees' salaries starting July 2. Reuters reported from New York.

In trading on the New York Stock Exchange on Monday, Digital shares closed \$1.50 lower, at \$95.125 a share.

Analysts said the salary freeze indicated that demand for minicomputers remained extremely weak and that Digital needed to cut costs despite its virtual halt to new hires.

## Avon Stock Up On Talk of Sale To Mary Kay

**NEW YORK** — Avon Products Inc. shares rose Monday on speculation that it had held talks about a possible acquisition of all or part of Avon by Mary Kay Cosmetics Inc., traders said.

Avon shares rose \$2, to \$34.25, on Monday on the New York Stock Exchange. It has been reported that Mary Kay's vice chairman, John R. Roston, expressed interest in Avon but was rebuffed. Avon declined to make a statement and Mary Kay said it would not comment on rumors.

Avon last week rejected a \$39-a-share takeover proposal by Amway Corp.

For 1988, Avon reported revenue of about \$3 billion. One arbitrator said, "I certainly don't think that Mary Kay, at about one-tenth the size of Avon, is a serious buyer for Avon when Amway, with more resources, was rebuffed."

## Plessey Cites Profit Rise in Bid Defense

**LONDON** — Plessey Co., the British electronics company, on Monday shored up its defense against a takeover bid by reporting a solid 13.6 percent rise in annual pretax profit.

The chairman, Sir John Clark, said that the increase in profit to £195.5 million (\$316.4 million) in the financial year ended March 31 demonstrated "the quality and outstanding potential of an independent Plessey."

The results were particularly satisfying, he said, because resources had been diverted to fight the £1.7 billion bid by Britain's General Electric Co. and Siemens AG of West Germany.

On a generally weak stock market, Plessey's stock fell 2 pence, to 265 pence, on the London Stock Exchange, partly because of the large amount spent on its defense against takeover.

Plessey's sales jumped to £1.65 billion, up 26.9 percent from the previous financial year. Orders in hand rose 23.5 percent, to £2.1 billion. The company raised its annual dividend by 15 percent, to 7.65 pence a share.

## Nobel in Talks to Buy Defense Unit of Philips

**STOCKHOLM** — Nobel Industries AB, the Swedish arms and chemicals group, said Monday it was negotiating to buy the Swedish defense-electronics subsidiary of NV Philips of the Netherlands.

The subsidiary, Philips Elektromechanica AB, posted revenue in 1988 of 1 billion kroner (\$151 million), up 41.8 percent from the previous year.

Aerospace and engineering, helped by joint ventures in Europe and Japan, shipped in £25.8 million, up 41.8 percent from the previous year.

Microelectronics, boosted by the acquisition of Plessey's rival Ferranti, had operating profit of £22.8 million — more than doubling last year's contribution.

## Du Pont to Buy Printing Unit From Vickers

**LONDON** — Vickers PLC said Monday it had agreed to sell its Howson-Algraphy division to Du Pont Co. for £240 million (\$388.4 million).

Howson is the world's largest maker of aluminum plates for printing, and it supplies lithographic equipment, chemicals and other items. It had pretax profit of £19.2 million last year, on sales of £180.6 million.

Vickers said it had decided that Howson-Algraphy had limited long-term prospects as an independent maker of printing plates.

Vickers said it would use the proceeds to support its long-term strategy, which includes acquisitions in the automotive, defense, aerospace, medical equipment and marine engineering businesses.

(Reuters, AFP)

## Malaysia to Sell 25% Stake In State Plantation Concern

**KUALA LUMPUR, Malaysia** — The government-controlled Permodalan Nasional Bhd. said Monday that it would sell to the public 25 percent of its Kumpulan Guthrie Bhd., a large plantation company formed from the 1981 takeover of Guthrie Corp. of Britain.

In what would be the largest Malaysian stock flotation, Permodalan would initially offer 100 million shares, or 10 percent of Kumpulan Guthrie, at an issue price of 2.10 ringgit. The total value of the stake would be equivalent to \$78 million.

Permodalan, which now holds 100 percent of Kumpulan Guthrie, is to offer 150 million more shares in the company within a year to meet the 25 percent listing requirement of the Kuala Lumpur Stock Exchange. The shares are expected to be listed in August.

The flotation is being underwritten by 18 banking and financial institutions. It would be one of Permodalan's most profitable ventures since it won control of Guthrie, whose main businesses are rubber and palm oil.

Permodalan restructured Guth-

rie by bringing its plantations, now totaling 116,000 hectares (287,000 acres) in Malaysia, and holdings in Liberia, the Philippines and China, under Kumpulan Guthrie.

Guthrie's manufacturing and other interests were placed under a new Guthrie Corp., which was sold last year at a £130 million (\$210.4 million) profit.

Ismail Mohamed Ali, Permodalan's chairman, said the cost of the Guthrie takeover was estimated at 1.36 billion ringgit. "When we acquired Guthrie Corporation, it was always our intention to get our money back," he said.

He said part of the second parcel of stock might be placed overseas, possibly in the United States and Hong Kong.

In the initial offering, 20.14 million shares have been reserved for staff of the company and the balance of 79.86 million will be made available to the general public.

The company, the largest plantation concern in Malaysia, reported group pretax profit of 218.93 million ringgit in 1988, up from 100.86 million in 1987. Sales rose to 803.01 million ringgit from 566.22 million.

(AFP, Reuters)

## Transco Sells Oil and Gas Assets to Hess for \$911 Million

**HOUSTON** — Transco Energy Co., a Texas-based natural gas company, said Monday that its Transco Exploration Partners Ltd. affiliate has agreed to sell substantially all of its Gulf of Mexico natural gas and oil properties to Amerasia Hess Corp. for \$911 million.

The sales price was more than analysts expected, and Transco Exploration units soared \$3.75, to \$9.50, while Transco Energy shares rose \$1.125, to \$41.75.

Transco said the properties had estimated proved and probable reserves of 518 billion cubic feet (14.7

billion cubic meters) of natural gas and more than 12 million barrels of oil as of Dec. 31, 1988. They include interests in 41 gas fields and three oil fields, the company said.

Transco said the sale was the first and biggest step in the exploration partnership's previously announced liquidation plan.

The company has been liquidating the partnership because it has proved to be a drag on earnings and in an effort to concentrate on its pipeline operations.

The deal follows a \$1.4 billion sale of exploration and production assets by Texas Eastern Corp. to Enterprise Oil PLC of Britain in

March. Texas Eastern was acquired by Panhandle Eastern Corp. for \$3.2 billion.

Transco said the partnership is continuing to pursue the sale of its remaining offshore unexplored properties and deeperwater tracts and that it expects to receive proceeds of about \$130 million from other property sales by the end of June.

Transco said the ultimate amount to be distributed to Transco Exploration unitholders could not yet be determined. The initial payment is expected by the end of the third quarter, the company said.

Transco Exploration had 77.2 million partnership units outstanding as of March 31, 74 percent of which were held by Transco Energy.

The company said it expected to recognize a significant gain in the liquidation, although it declined to disclose the amount.

Amerasia Hess, the 16th-largest U.S. oil company, has been building its oil and gas reserves through acquisitions in recent years. Last July, it purchased Whitehall Petroleum Ltd. from Pearson PLC of Britain for \$94 million (\$152.1 million). Whitehall had proven reserves of 30 million barrels of oil.

## WARNER: Chris-Craft Settlement Removes Potential Obstacle to Merger With Time

(Continued from first finance page)

The relationship soon soured, and Warner reduced Chris-Craft's representation on its board.

Chris-Craft delayed Warner's recent acquisition of Lorimar Telepictures Inc., forcing Lorimar to sell television stations. BHC owns or has interests in seven television stations.

Chris-Craft also has interests in industrial products and oil and gas exploration.

Chris-Craft has not stated a position on the Time-Warner merger. But Harold Vogel, who follows Warner for Merrill Lynch Re-

search, said, "Chris-Craft made it clear to the right people that they weren't happy with the structure of the deal and wanted compensation for that."

Under the merger agreement, each share of Warner stock would be traded for 0.465 share of stock in the new company, while Time shares would be exchanged on a one-for-one basis.

In a move to head off potential delays, Warner filed suit earlier this month against Chris-Craft to Chancery Court in Delaware, asking that Chris-Craft be required to

resolve any objections to the merger. That litigation was resolved under the settlement, Warner and Chris-Craft said.

Peter M. Fishbein, an attorney with the law firm Kaye Scholer Fierman Hays & Handler, which represents Chris-Craft, said the settlement "gives Chris-Craft everything it asked for under its contract."

Under the settlement, Warner said it would offer to sell its shares in BHC to third parties. Chris-Craft would have the right of first refusal to purchase Warner's inter-

est in BHC or require Warner to spin off its interest in BHC to Time-Warner shareholders after the merger.

Warner also is ending its right of first refusal on sale of its shares held by Chris-Craft as part of the agreement.

Mr. Fishbein said Chris-Craft got more than its contract called for because Warner agreed that the spin-off of its BHC stake would be structured so as not to dilute Chris-Craft's own holdings in BHC. Chris-Craft owns about 57.5 percent of BHC.

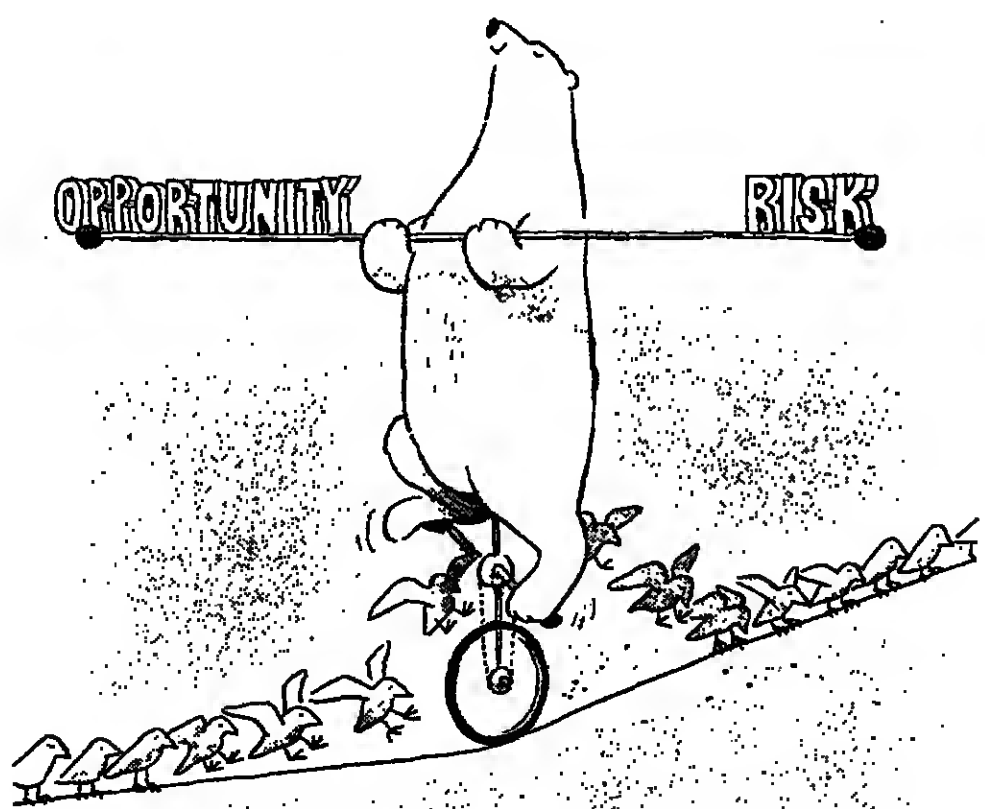
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## Hypo-Bank Strong Performance Again in 1988

In 1988, Bayerische Hypotheken- und Wechsel-Bank again posted excellent results. Group assets advanced by 7% to DM 135.2 billion. Net earnings, which rose satisfactorily, were the third highest in Hypo-Bank's long history. These gains followed the Group's particularly strong performance in 1987 despite unfavorable developments that year in the securities and currency markets.

Hypo-Bank's branches in London, New York, and Hong Kong, its international subsidiaries, and its representative offices once again made a notable contribution to the Group's achievements for the year.

Germany's oldest publicly-quoted bank, Hypo-Bank will maintain its 25% dividend to shareholders.

In line with its long-term strategy to broaden its financial services capabilities at home and abroad, Hypo-Bank substantially boosted its stake in Heimstatt Bausparkasse, a prominent German building finance group, to 75%. Moreover, it concluded a promising joint venture agreement with Richard Ellis, the UK property group.

With Southern Germany's largest branch network and presence in key world markets, Hypo-Bank provides quality banking and finance services around the globe.

For your copy of our 1988 Annual Report, please contact our International Department, Theaterstrasse 11, D-8000 Munich 2, Telephone: (89) 23 66-1, Telex: 5 286 535, S.W.I.F.T.: HYPO DE MM.

## Highlights of our consolidated Balance Sheet for 1988

	in millions DM
Total assets	135,173
(Total assets parent company)	91,243
Total loans	107,697
General banking	33,361
Mortgage banking	74,336
Total deposits and long-term liabilities	128,674
General banking	57,534
Mortgage banking	71,140
Shareholders' equity	3,910

**HYPOBANK**  
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**Reuters**

Most Japanese steel companies revised their forecasts for last year's current profit upward in late March. Current profit is be-

In response, the Japanese steel companies adopted tough rationalization plans, cutting production capacity and reducing workforces.

They all plan to finish implementing their rationalization programs in the 1990-1991 fiscal year, by which time they should have cut their combined workforce to about 125,000 from the 205,000 employed in the 1986-1987 year.

While Mr. Breuer aims at developing the top 200 American companies as clients, he realistically notes that the firm's business is

In 1987, the Deutsche Bank unit managed the first new stock offer-

Mr. Breuer said there is little likelihood of a link-up with an American mergers-and-acquisition firm.

By developing full-fledged securities companies in the key trading centers of New York, Tokyo and London, plus the neighboring Swiss market, Deutsche Bank can

In that financing, Deutsche Bank arranged for Volkswagen to borrow \$500 million worth of U.S.

After swapping the pesetas for the dollars, marks and francs, Volkswagen had the pesetas it needed to pay for improvements at

needed to pay for improvements at its SEAT subsidiary at a lower cost than if it had borrowed them directly.

**Rolf E. Breuer, Deutsche Bank managing director.**

In 1987, the Deutsche Bank unit managed the first new stock offering for an American subsidiary of a West German company, with a

enter. Mr. Strenger said, is the corporate bond market, where good-quality companies "continue to be well catered to" by the major Wall Street houses.

A few Japanese and Swiss firms have occasionally won high-quality bond issues by bidding prices so

low that other firms saw no profit in the deal, but as for Deutsche Bank, Mr. Strenger said, "We don't aim to be the cheapest guy on the

The New York securities affiliate also includes a 15-person group

While Deutsche Bank headquarters in Frankfurt sets overall interest-rate strategy, the New York group has responsibility to manage the bank's worldwide book of dollar-denominated transactions.

highly regarded in West Germany, is an area where the American affiliate has been expanding slowly and developing a product that focuses on worldwide developments.

Cutbacks by American firms have helped bring down the price of top-flight talent, Mr. Strenger

\_\_\_\_\_

**INTERNATIONAL FUNDS** May 22, 1989

Quotations supplied by funds listed. Net asset value quotations are supplied by the Funds listed with the exception of some quotes based on issue price.

ment of Shearson Lehman Hutton Inc., said, "There is no question but that Deutsche Bank is an exceptionally well-managed company."

"But there are enough potential pitfalls that I still have reservations about how successful they will be with their ambitious program for expansion in the investment-banking and securities markets outside their home base."

While Mr. Breuer aims at developing the top 200 American companies as clients, he realistically notes that the firm's business is

quality companies "continue to be well catered to" by the major Wall Street houses.

In those financings, Deutsche Bank Capital is allocated only a small part of the financing, usually for securities sold to European investors.

A few Japanese and Swiss firms have occasionally won high-quality bond issues by bidding prices so low that other firms saw no profit in the deal, but as for Deutsche Bank, Mr. Strenger said, "We don't aim to be the cheapest guy on the

est-rate strategy, the New York group has responsibility to manage the bank's worldwide book of dollar-denominated transactions."

Investment research, a field in which Mr. Lewis of Salomon Brothers said Deutsche Bank is not highly regarded in West Germany, is an area where the American affiliate has been expanding slowly and developing a product that focuses on worldwide developments.

Cutbacks by American firms have helped bring down the price of top-flight talent, Mr. Strenger

In that financing, Deutsche Bank arranged for Volkswagen to borrow \$500 million worth of U.S. dollars, German marks and Swiss francs, while it handled an issue of 15 billion Spanish pesetas (\$122.1 million) for the World Bank.

After swapping the pesetas for the dollars, marks and francs, Volkswagen had the pesetas it needed to pay for improvements at its SEAT subsidiary at a lower cost than if it had borrowed them directly.

# Pargesa

## Holding SA

Geneva

Notice is hereby given to shareholders of an  
**Ordinary Shareholders' Meeting**  
to be held on Monday, May 29, 1989, at 11.30 a.m.  
at the Head Office of  
**BANQUE PARIBAS (SUISSE) S.A.**  
2, place de Hollande - Geneva (Switzerland)

**TO CONSIDER FOLLOWING ITEMS:**

1. Presentation of the 1988 profit and loss statement, the balance sheet for the year ended December 31, 1988, the management report, the proposals to allocate the net profit and the auditors report.
2. Discussion and approval of profit and loss statement, balance sheet, management report and proposals of the Board of Directors.
3. Discussion and vote on the discharge of the Board of Directors.
4. Election of the Board of Directors.
5. Election of the Auditor.
6. Increases of capital.
  - a) Discussion and vote of a resolution regarding an increase of the share capital from SF 1,193,500,000 to SF 1,312,850,000 by way of an issue of 108,500 registered shares of SF 100 nominal value each, with preferred voting right, and by way of an issue of 108,500 bearer shares of SF 1,000 nominal value each, reserved to the present shareholders, in the proportion of one new share for each ten shares held.
  - b) Vote of a resolution stating the subscription in full to this increase of share capital and its payment in full.
  - c) Discussion and vote of a resolution to increase the capital from SF 1,312,850,000 to SF 1,378,850,000 by way of an issue of 60,000 registered shares of SF 100 nominal value each, with preferred voting right, and by way of an issue of 60,000 bearer shares of SF 1,000 nominal value each. This resolution involves the abolition of the preferential subscription rights of shareholders. These new registered and bearer shares are issued in order to enable the reimbursement of a bond issued by an affiliated foreign company, by the remittance of such bond against shares.
  - d) Vote of a resolution stating the subscription in full to this second increase of share capital and its payment in full.
  - e) Discussion and vote of a resolution to increase the capital from SF 1,378,850,000 to SF 1,455,850,000 by way of an issue of 70,000 registered shares of SF 100 nominal value each, with preferred voting right, reserved to registered shareholders in the proportion of one new share for each 17.9 shares held and by way of an issue of 70,000 bearer shares of SF 1,000 nominal value each. This resolution involves the abolition of the preferential subscription rights of shareholders. These bearer shares are issued in order to enable the exercise of options granted to the beneficiaries of the "Incentive plan" which has been set up by the Company in replacement of the previous plan which was based on participation certificates.
  - f) Vote of a resolution stating the subscription in full to this third increase of share capital and its payment in full.
7. Vote of a resolution relating to the amendment of article 5 of the statutes setting the share capital and its composition.
8. Vote of a resolution relating to the approval of Declarations I and II whereby no assets are taken over or contributed in kind.

Shareholders may obtain entry cards to the Shareholders' Meeting at the BANQUE PARIBAS (SUISSE) S.A., UNION DE BANQUES SUISSES, SOCIÉTÉ DE BANQUE SUISSE and CRÉDIT SUISSE, from May 19 to 26 until noon, by depositing their shares or a receipt for such deposit with another bank.

The management report, including the income statement, the balance sheet, the Auditor's Report, the proposals by the Board of Directors regarding the allocation of the fiscal year's net profit as well as the proposed amendments to the statutes, are available to the shareholders at the Head Office and subsidiaries of the aforementioned banks.

Geneva, May 16, 1989

For the Board of Directors

## Geneva

Notice is hereby given to shareholders of an  
**Ordinary Shareholders' Meeting**  
 to be held on Monday, May 29, 1989, at 11.30 a.m.  
 at the Head Office of  
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  - b) Vote of a resolution stating the subscription in full to this increase of share capital and its payment in full.
  - c) Discussion and vote of a resolution to increase the capital from SF 1,312,850,000 to SF 1,378,850,000 by way of an issue of 60,000 registered shares of SF 100 nominal value each, with preferred voting right, and by way of an issue of 60,000 bearer shares of SF 1,000 nominal value each. This resolution involves the abolition of the preferential subscription rights of shareholders. These new registered and bearer shares are issued in order to enable the reimbursement of a bond issued by an affiliated foreign company, by the remittance of such bond against shares.
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Geneva, May 16, 1989

For the Board of Directors

**G. Eskenazi**  
*Chairman*

**S. Tapernou**

مجلسه اول











# Monday's NASDAQ Prices

Prices as of 4 p.m. New York time.  
This list, compiled by the NYSE, shows the last  
traded price of each stock in terms of dollar value.  
It is updated twice a year.  
Via The Associated Press

Stock	Chg	Vol	PE	High	Low	1/2
IBM	+	1,200	15.5	115.00	114.00	114.50
Microsoft	+	800	25.0	55.00	54.00	54.50
Apple	+	1,500	20.0	35.00	34.00	34.50
Oracle	+	600	30.0	25.00	24.00	24.50
Sun	+	400	25.0	20.00	19.00	19.50
Northern Telecom	+	300	15.0	15.00	14.50	14.75
WorldCom	+	200	10.0	10.00	9.50	9.75
Verizon	+	100	8.0	8.00	7.50	7.75
AT&T	+	50	6.0	6.00	5.50	5.75
Qwest	+	20	4.0	4.00	3.50	3.75

Stock	Chg	Vol	PE	High	Low	1/2
Alcoa	+	1,000	12.0	12.00	11.50	11.75
Aluminum	+	800	10.0	10.00	9.50	9.75
Steel	+	600	8.0	8.00	7.50	7.75
Iron	+	400	6.0	6.00	5.50	5.75
Copper	+	200	4.0	4.00	3.50	3.75
Gold	+	100	2.0	2.00	1.50	1.75
Platinum	+	50	1.0	1.00	0.50	0.75
Palladium	+	20	0.5	0.50	0.25	0.375
Silver	+	10	0.2	0.20	0.10	0.15
Uranium	+	5	0.1	0.10	0.05	0.075

Stock	Chg	Vol	PE	High	Low	1/2
General Electric	+	1,000	15.0	15.00	14.50	14.75
Westinghouse	+	800	12.0	12.00	11.50	11.75
Lockheed	+	600	10.0	10.00	9.50	9.75
Boeing	+	400	8.0	8.00	7.50	7.75
McDonnell Douglas	+	200	6.0	6.00	5.50	5.75
Rockwell International	+	100	4.0	4.00	3.50	3.75
Northrop	+	50	2.0	2.00	1.50	1.75
Grumman	+	20	1.0	1.00	0.50	0.75
Boeing	+	10	0.5	0.50	0.25	0.375
Lockheed	+	5	0.2	0.20	0.10	0.15

Stock	Chg	Vol	PE	High	Low	1/2
Boeing	+	1,000	15.0	15.00	14.50	14.75
Lockheed	+	800	12.0	12.00	11.50	11.75
Boeing	+	600	10.0	10.00	9.50	9.75
Lockheed	+	400	8.0	8.00	7.50	7.75
Boeing	+	200	6.0	6.00	5.50	5.75
Lockheed	+	100	4.0	4.00	3.50	3.75
Boeing	+	50	2.0	2.00	1.50	1.75
Lockheed	+	20	1.0	1.00	0.50	0.75
Boeing	+	10	0.5	0.50	0.25	0.375
Lockheed	+	5	0.2	0.20	0.10	0.15

Stock	Chg	Vol	PE	High	Low	1/2
Boeing	+	1,000	15.0	15.00	14.50	14.75
Lockheed	+	800	12.0	12.00	11.50	11.75
Boeing	+	600	10.0	10.00	9.50	9.75
Lockheed	+	400	8.0	8.00	7.50	7.75
Boeing	+	200	6.0	6.00	5.50	5.75
Lockheed	+	100	4.0	4.00	3.50	3.75
Boeing	+	50	2.0	2.00	1.50	1.75
Lockheed	+	20	1.0	1.00	0.50	0.75
Boeing	+	10	0.5	0.50	0.25	0.375
Lockheed	+	5	0.2	0.20	0.10	0.15

Stock	Chg	Vol	PE	High	Low	1/2
Boeing	+	1,000	15.0	15.00	14.50	14.75
Lockheed	+	800	12.0	12.00	11.50	11.75
Boeing	+	600	10.0	10.00	9.50	9.75
Lockheed	+	400	8.0	8.00	7.50	7.75
Boeing	+	200	6.0	6.00	5.50	5.75
Lockheed	+	100	4.0	4.00	3.50	3.75
Boeing	+	50	2.0	2.00	1.50	1.75
Lockheed	+	20	1.0	1.00	0.50	0.75
Boeing	+	10	0.5	0.50	0.25	0.375
Lockheed	+	5	0.2	0.20	0.10	0.15

Thyssen informs:

## Well on Course

### Interim Report on the First Six Months of 1988/89 from October 1, 1988 to March 31, 1989

Thyssen Worldwide	first six months:	1987/88	1988/89 <sup>1)</sup>
External sales	DM million	13,830	18,394
Pretax profit	DM million	443	892
Net income	DM million	289	372
Capital expenditure	DM million	924	950
Work force on March 31		128,866	132,948

#### Development of Sales

In particular the continuingly good business situation in our domestic and foreign markets led in the first six months of the current fiscal year to a sales increase of 19% compared with the same period last year.

The sales of the capital goods and manufactured products business group rose by 5%. At Thyssen Industrie (including Blohm + Voss, the Hamburg shipyard and machine manufacturer) sales in the first six months remained just under the previous year's level, mostly due to accounting methods employed for large-scale projects. Almost all the business sectors recorded good order intakes; from the end of September 1988 to the end of March 1989 the order backlog increased by 15% to DM 7.8 billion.

The Budd Company in the USA continued to enjoy a good workload. Sales in US dollars rose by 10% in the first six months. All in all, business activity on the automobile market in the USA remained stable; the order situation at Budd remains good. Rheinische Kalksteinwerke realized a sales increase of 16%.

The trading and services business group increased its sales by 21%. Thyssen Handelsunion profited from the constantly good level of demand domestically and from the growth in international trade. The logistics activities were expanded by the acquisition of two companies that are engaged in air- and sea-freight forwarding. Thyssen Handelsunion now also operates in the new market of industrial maintenance.



The specialty steel business group recorded 41% growth in sales. The intake of orders, too, continued to show a pleasing development in the current fiscal year. The trend in raw-materials prices remained upward, and the prices of specialty steel must be adjusted accordingly. The reason for the strong

growth of business is the flourishing demand for specialty steel worldwide. The sales companies outside Germany were able to strengthen their market position further.

The sales of the steel business group increased by 19%. Pro-

duction was raised, and price improvements were also realized. The situation on the German steel market is mostly steady; foreign demand is also lively. The trend in sales at the subsidiaries of Thyssen Stahl was equally positive.

#### Work Force

The work force of Thyssen Worldwide on March 31, 1989 numbered around 133,000, of whom 110,000 were employed at companies in the Federal Republic of Germany and 23,000 at our foreign compa-

nies. The increase, compared with the position on March 31, 1988, is attributable mainly to additions in the group of consolidated companies at Thyssen Handelsunion and Thyssen Industrie.

Work force	March 31, 1988	March 31, 1989 <sup>1)</sup>
Capital goods and manufactured products	54,179	54,638
Trading and services	12,139	17,075
Specialty steel	13,650	14,418
Steel	45,532	42,996
Shareholdings of Thyssen AG	3,122	3,464
Thyssen AG	244	357
Thyssen Worldwide	128,866	132,948

#### Capital Expenditure

In the first six months of 1988/89 Thyssen invested a total of DM 950 million in tangible fixed and financial assets. The increased level of capital investment of the previous year was thus sustained. Expenditure was concentrated on the

further modernization of our production plants and warehousing facilities in and outside Germany, on environmental protection, on the installation of new production lines, and on the expansion of growth activities by the acquisition of firms.

#### Financial Results

Because of the good trend of business the pretax profit rose to DM 892 million. While in the previous fiscal year tax losses carried forward and offset from profit had substantially lessened

income tax expenditure, the income tax burden in the current fiscal year is increasing overproportionately. Net income, that is profit after taxes, rose to DM 372 million in the first six months.

#### Outlook

The prospects for the international economy as a whole are predominantly positive. The strongest impulses continue to come from the lively investment activity and briskly expanding world trade. Most of the markets in which

Thyssen companies are operating are characterized by keen demand. The order situation of Thyssen Worldwide permits expectations of a good second six months in fiscal 1988/89.

Sales in DM million	first six months:	1987/88	1988/89 <sup>1)</sup>
Capital goods and manufactured products		4,404	4,602
Trading and services		5,895	7,161
Specialty steel <sup>2)</sup>		1,755	2,478
Steel		4,827	5,727
Shareholdings of Thyssen AG <sup>3)</sup>		516	890
Total sales		17,397	20,858
Intercompany sales		3,567	4,264
External sales, Thyssen Worldwide		13,830	16,394

<sup>1)</sup> provisional <sup>2)</sup> including Walztaegerrohr (pro rata)  
<sup>3)</sup> Rasselstein, Stahlwerke Bochum, Dolomite Werke (each pro rata)



THYSSEN AKTIENGESELLSCHAFT



## SPORTS

## Jordan: Portrait of a Late-Bloomer

Although Long Unnoticed, Chicago's Star Guard Now Terrorizes the NBA

By Barry Jacobs

New York Times Service

NEW YORK — Today the name Michael Jordan is synonymous with a unique brand of basketball excellence, an elegant blend of athleticism, determination, court savvy and flair for the dramatic.

Never have those qualities, or his ability to raise his and his teammates' games to transcendent heights, been more manifest than in the Chicago Bulls' current trip through the National Basketball Association playoffs.

Yet, while he was surely a known commodity coming out of college, where he earned all-America status at the University of North Carolina, Jordan elevated his game relatively late.

Not until his junior year in high school did he make the varsity roster; not until the summer before his senior season did the recruiting wizards who comb the United States notice the unassuming shooting guard from the port city of Wilmington, North Carolina.

Even in college, it took two years before Jordan made a professional all-American squad.

Jordan's first love was baseball, in which he pitched and played center field. But whatever sport he and his brother Larry played, and whatever the season, they repaired daily to the dirt basketball court in their suburban yard for a little one-on-one.

"I think we learned from each other," said

Larry, the elder by a year. "Back then, I just tried to beat him."

Michael Jordan "was unnoticeable to start with, to be perfectly honest with you, because of his height," said Clifton Herring, who coached the brothers at Laney High School. "He was just like all the guards, you might say."

Larry, 5 feet, 9 inches (1.75 meters), held the upper hand in backyard competition until Michael's sophomore year in high school.

The Jordans played together for a year in the backyard at Laney, where at various times Michael — an Earvin Johnson fan who was nicknamed Magic by friends — played every position.

The team won during both of Michael Jordan's varsity seasons but failed to reach the state high school tournament, and he attracted scant attention beyond Wilmington, which had a population of 44,000 in 1980.

One college coaching staff did notice him. Laney played a system modeled on Dean Smith's at North Carolina, and Jordan had attended Smith's summer basketball camps at Chapel Hill.

It was at the suggestion of Roy Williams, the coach at Kansas University who then was a part-time assistant at North Carolina, that Jordan was invited to the prestigious Five-Star basketball camp during the summer of 1980.

"We don't know how good he is," Williams said to Tom Konchalski, a high school talent evaluator then associated with the camp. "He could be a great player."

So Jordan was given a job as a waiter at the camp and invited to Robert Morris College in Pittsburgh to participate in two camp sessions. He was not invited to the opening week, reserved for the nation's top prospects, because Williams feared the youngster would be overmatched.

That year's most acclaimed shooting guard was a Kansas, Aubrey Sherrod. Then Jordan arrived.

"He just steps on the court and he's like playing a different game," recalled Konchalski, now the editor of the HSBI Report, a high school recruiting publication. When Jordan attempted a jump shot, he soared so far above the crowd "it was like there was no defender," Konchalski said.

Jordan was most valuable player honors both weeks he was in camp. Still, there was no ground swell of acclaim. The year's top prospects remained two big men, Patrick Ewing and Greg Drilling.

"If Michael hadn't gone away to summer camp, he wouldn't have had any attention," Dean Smith said in 1983. "One of those rating services didn't even name him on their 25 high school all-Americans."

Konchalski thinks the relative anonymity benefited Jordan, who was born in New York but spent all except three months growing up in his parents' native state.

"I think one of the great curses that befalls a talented athlete is that he experiences great success and acclaim so early," Konchalski said. "I think you get a little lazy and don't work on your game as hard."

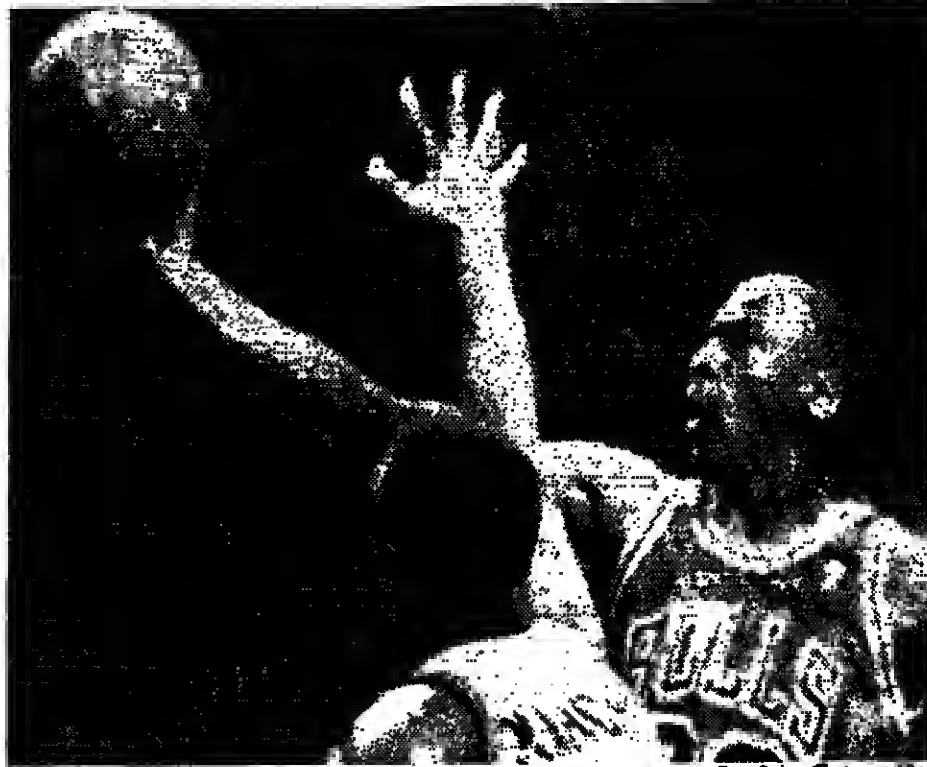
Jordan has never suffered from lack of devotion to basketball. Herring remembers him as "a gym rat" in high school. During college, Jordan often engaged in pickup games after varsity contests.

"He can go all day long, he can just keep on playing," said Buzz Peterson, who roomed with Jordan for two years in college.

Jordan decided on North Carolina early, but was considered a lesser light than two fellow signees: Lynwood Robinson, touted as the next Phil Ford, and Peterson.

Jordan also was recruited by North Carolina State and by Maryland, whose coach, Lefty Driesell, told Peterson, Jordan and Jeff Adkins that he would give a scholarship to the first player to commit to the Terrapins.

"Right now, you look back on that statement,



Michael Jordan has elevated his game, and the Bulls, to transcendent heights relatively late.

it's hilarious," said Peterson, an assistant coach at Appalachian State who, like Adkins, experienced modest collegiate success. "That shows how much Michael's improved."

At North Carolina, Jordan became an immediate starter on a veteran squad led by James Worthy and three New Yorkers, Sam Perkins, Matt Doherty and Jimmy Black.

He wound up as the 1982 Atlantic Coast Conference rookie of the year, and sank the winning shot in the national championship game against Georgetown to give Smith his sole National Collegiate Athletic Association title.

"When he hit that shot in New Orleans, that summer he started playing great," said Peterson.

"It exploded his confidence. That little boost there, and he was set free."

The most noticeable change came on defense, where Smith recalled Jordan as "a weak defender, slowly as a freshman." By his junior season, Jordan had grown so accomplished he was awarded rare freedom in North Carolina's team-oriented system.

"In our defense, he can freestyle because he's that sound," Smith said. Jordan also improved his ball-handling after Smith required him to play point guard during summer pickup games.

During Jordan's three seasons, the Tar Heels won 88 games and lost 13. In 1984 he led the ACC in scoring and was conference and national player of the year. By this time, of course, pro scouts regarded him as a hot prospect.

Rod Thorn, then the general manager of the Bulls, first saw Jordan play as a freshman at North Carolina, but admits he was really interested in seeing Worthy.

As a sophomore, Thorn said, Jordan "was not the dominant player, but it was difficult for anyone to dominate in N.C. style of play."

When Jordan announced for the draft after his junior year, Thorn said the Bulls were considering Akem Olatunji "because we needed a center and Jordan because of his athletic ability."

"We thought that eventually he might be an impact player," he added.

"The draft went as expected after Houston took Olatunji, as we knew they would," Thorn continued. "Portland had the next pick, and we expected they would go for Sam Bowie."

"They didn't have a lot of interest in Jordan because they already had Clyde Drexler and he was a Jordan-type player. Bowie was a great prospect that season."

The Bulls chose Jordan, the third pick of the draft.

And Jordan, a horror movie fan, has been terrorizing the NBA ever since.

## SIDELINES

## Tabarly Rescued

PARIS (AFP) — Eric Tabarly, the French yachtsman who won single-handed trans-Atlantic races in 1964 and 1976, capsized about 500 nautical miles northwest of the Azores islands on Sunday but was rescued by a competitor who went to his rescue.

Tabarly, 57, and crewman Jean le Cam, sailing the Botin Entreprix, were battling a trimaran, Jet Services, for the lead in a race from Lorient in western France to Saint Barthelemy in the West Indies and back when their boat overturned.

Jet Services, which heard the SOS, left its course to search and its skipper, Serge Madec, radioed race headquarters in Paris that he had found the yacht with its two crew clinging to the hull.

## Baker-Finch Wins

FORT WORTH, Texas (AP) — Ian Baker-Finch, a 28-year-old Australian, won his way onto the American PGA Tour with a four-stroke victory Sunday in the Colonial National Invitation tournament.

A closing round of par 70 made him the first wire-to-wire winner on the PGA Tour this year. He got his first U.S. title with a 270 total, 10 under par on the Colonial Country Club course (see Scoreboard).

The triumph was worth \$180,000, but eventually it will become much more valuable because it also gave him a two-year exemption on the American tour, and assured him of places in such exclusive events as the PGA championship, the World Series of Golf and, in 1990, the Tournament of Champions. Players Championship and the Masters.

## For the Record

Amos Mansdorf, Israel's top tennis player, who is ranked 23d in the world, withdrew Monday from next week's French Open because of a recurring foot injury. (Reuters)

The 1993 British Open golf championship will be played July 15-18 at the Royal St. George's Golf Club in Sandwich, England, the Royal and Ancient Golf Club said Monday. (UPI)

## Quotable

Buddy Ryan, the Philadelphia Eagles' coach, on player Henry (Gizmo) Williams: "He's just not consistent — but he's going to be ice fishing in Canada if he doesn't get consistent." (AP)

## Rutherford Left Fuming As Indy 500 Field Is Set

The Associated Press

INDIANAPOLIS — The fastest 33-car field in racing history will start the May 28 Indianapolis 500, but without three-time winner Johnny Rutherford, whose last-minute qualifying attempt blew up Sunday along with the engine in the car borrowed from A.J. Foyt.

Rutherford, 51, was bumped from the lineup by Rich Vogler with less than 15 minutes left on the final day of time trials. But Foyt, a fellow Texan and longtime friend, put Rutherford into a Cosworth-powered Lola and got the car through technical inspection and onto the 2.5-mile (4-kilometer) oval one minute before the track was to close.

The crowd at Indianapolis Motor Speedway roared as Rutherford rolled off pit road. His warmup lap, his crew said, was faster than 217 mph, more than what he needed to get back into the field.

But, shortly after taking the green flag for the start of a four-lap, 10-mile qualifying run, smoke began pouring from the engine and the crowd groaned in disbelief as Rutherford took a slow, sad ride back to pit road.

It was the second straight year that Vogler had been the last qualifier, bumping a former winner. In 1988, he put a car into the field in the last moments, eliminating Gordon Johncock.

## Astaphan Testimony Eagerly Awaited at Hearing

By Michael Janofsky

New York Times Service

NEW YORK — The Canadian government commission investigating the use of performance-enhancing drugs by athletes resumes Wednesday in Toronto with one of the most eagerly awaited witnesses, Dr. George (Jamie) Astaphan, scheduled to testify.

Astaphan, the doctor from the Caribbean island of St. Kitts, has acknowledged through his attorney that he supplied anabolic steroids for Ben Johnson and other athletes during the years and months leading to the 1988 Olympics in Seoul.

It has not yet been established, however, whether Astaphan was directly involved in events that led to Johnson testing positive for the steroid stanozolol after he won the Olympic 100-meter final.

Astaphan could be the commission's most compelling witness since Charlie Francis, Johnson's coach, who testified in early March that Johnson used steroids in training for seven years.

In an interview eight weeks ago with the Boston newspaper *Mid-Day*, Astaphan was quoted as saying, "The use of steroids is so widespread that it will shock the world when the true figures are released."

Later in the interview, he said: "Let me blow the lid off this affair and the prevalent double standards. After I am through, the International Olympic Committee will have to resign."

Lawyers for the commission say they are unsure to what degree Astaphan might elaborate on previous testimony or if he might implicate other athletes as steroid users.

"We're just not sure what he will say," one commission attorney said. "He's moody. It depends on his mood."

Astaphan has been a central figure throughout testimony in the track and field phase of the inquiry.

In 1984, he began working with Johnson and

others who trained under Francis and became increasingly more involved with Johnson as the Seoul Games approached. At one point last summer, his close relationship with Johnson contributed to a temporary rift between Johnson and Francis.

According to Francis, Astaphan has supplied Johnson and others with a steroid Astaphan alternately identified as furazabol, a generic name, and Estragol, a so-called trade name, which does not exist. Angela Issajenko, one of Johnson's teammates who received the same substance, said that when she began to experience stiffness in her muscles, she suspected that the substance was actually stanozolol. She said she had used stanozolol briefly and stopped when the stiffness occurred.

Her experience with the drug also expanded the possibility that Astaphan had played a role in Johnson's positive test in Seoul.

Commission attorneys expect Astaphan's appearance to last into next week.

## CHESS

By Robert Byrne

IS chess becoming too elitist at the international level? That is the question the game is taking when sponsors arrange tournaments in which a small number of the highest ranking grandmasters on the International Chess Federation's computer list play a double-round event. Formerly the 16-player single round robin format was standard.

In the Max Euwe Memorial Tournament sponsored by the Verenigde Spoorbank in Amsterdam, which finished March 23, there were only four players and all were world championship candidates in the current cycle. Jan Timman of the Netherlands spurred into the lead with 3½ points out of the first four and a half rounds and took first prize with 4½-1½. This was a nice turnaround from his last-place result the previous year. Nigel Short of Britain won second prize with 4-2, Valery Salov of the Soviet Union came third with 3-3 and Jozsef Horvath of Iceland was last with ½-5½.

Timman's winning score should not be taken to mean that he had an easy time of it, as one may see in his hard-fought, tactical battle with Salov in their second round game. Anyone who adopts the Scheveningen Variation of the Sicilian Defense, as Salov does here, issues an implicit challenge to White to try the superaggressive Keres Attack with 6 g4. Yet if White cannot get his attack through quickly, he may easily end up with a disjointed position.

The players followed a well-known

path until Salov avoided 12...O-O in favor of 12...Rc8. Instead of guarding his king by putting it in the most secure place, he was preparing for counterattack. Had Salov advanced 16...a3, Timman could have countered with 17 Nb4, a move prevented by 16...c5. Timman began to take the upper hand by bumping in the black queen bishop with 20 b3 and 21 f5.

It would have been wrong to take the pawn Timman offered with 25 h5! because 25...Nh5? 26 Rh3 g6 27 Rd1 would recover it and simultaneously gain entry to the black kingside. Timman's next pawn sacrifice, 26 h6! also could not be accepted because 26...Ne4 27 Be4 Qe4 28 Be3! Nb5 29 hg costs Black a piece.

Salov's decision to give up the exchange with 26...Rh6? was hard to criticize because it sharply slowed Timman's attack. After 27 Bh6 gh 28 Nf2 Nb5, it was important for White to seek simplification by 29 Ng4! even though this let Salov win several pawns after 29...Ng4 (29...Ne4? 30 Be4 Qe4 31 Nf6) 30 Rg4 ab 31 cb Bf5! 32 of Qc3 33 g3 Qf5.

But the safety of the black king remained a problem because after 34 Ka1, Timman was threatening 35 Rg6 with dangerous pressure. Salov judged that he had to counterattack with 34...e4, but on 35 Qb4 Qe5 36 Kh1, he could not play 36...Bg7 without allowing 37 Rg7! Qe3 38 e4.

After 38 Rg6, Salov had to lose material, and after 38...Kf7 39 Rf8 Rf8 40 Qb5, his pack of pawns was not going to be any match for the knight. This point was soon driven home by Timman's deadly 43 Rg1, threatening 44 Qg7mate. After 46 Qf6, see-

ing that 46...Kc5 (or 46...Kc7 47 Rg7 Kc8 48 Qf6, forcing mate) leads to 47 Rcl Kb4 48 Nc6 mate, Salov gave up.



Position after 37...e5

White	Black
1. e4	1... e5
2. Nf3	2... Nc6
3. Bb5	3... a6
4. Ba4	4... Nf6
5. d4	5... exd4
6. Nxd4	6... Bc5
7. Nc3	7... Qe7
8. e5	8... d6
9. Qf3	9... Nxd4
10. Qxd4	10... Bxd4
11. Bc3	11... c5
12. Bb5	12... Qe7
13. Qd2	13... Nf6
14. Qc3	14... g6
15. Qb4	15... Bg7
16. Qc3	16... h6
17. Qb4	17... Qe7
18. Qc3	18... Nf6
19. Qb4	19... g6
20. b3	20... Bg7
21. f5	21... Qe7
22. Qb4	22... Nf6
23. Qc3	23... g6
24. Qb4	24... Bg7
25. h5	25... Qe7
26. h6	26... Nf6
27. Bh6	27... Qe7
28. Nf2	28... Nf6
29. Ng4	29... Qe7
30. Rg4	30... Nf6
31. cb	31... Bf5
32. Qc3	32... Qf5
33. g3	33... Qf5

## BOOKS

## IMPOSSIBLE DREAM: The Marcoses, the Aquinos, and the Unfinished Revolution

By Sandra Burton. 483 pages. \$24.95. Warner Books, 666 Fifth Avenue, New York, 10103.

Reviewed by Claude A. Buss

"THE Impossible Dream" was the martyred Ninoy Aquino's favorite song; it was also his foreboding about the fate of democracy in his beloved Philippines.

"Impossible Dream" is the story of four people: Marcos the dictator, Ninoy the martyr, Imelda the first lady who wanted to be president and Cory the backstage wife who did not. When Sandra Burton, bureau chief for Time magazine in Hong Kong, accompanied Ninoy on that ill-fated trip to Manila in August 1983, the story became her story. It ended 2½ years later, in February 1986, when Marcos and his entourage took flight to Hawaii.

By the time the Philippines became part of Burton's beat, Marcos had passed his prime. For 18 years he had been in power. His throne room in the presidential palace (Malacañang) was crowded every day with Filipinos who struggled for his attention, or his help in pursuing their schemes and their dreams. Few indeed were those who opposed him, or dared to warn him of the consequences of his patent excesses.

His wife was the perfect companion in the conjugal dictatorship. She had lost some of her glamour but none of her drive and ambition. What Burton found most intriguing about this couple was "the power of their gall, their conscience, their lack of shame." In several years under the "New Society" they had the point of it all and settled for personal gains. Law and order had become synonymous with repression, development with theft and the public welfare with their own.

In Burton's view Ninoy Aquino was no saint. Aquino and Marcos were alter egos. It was fear that led Marcos to imprison Aquino and send him into exile. Cory Aquino is convinced that Marcos alone is responsible for her husband's death. Burton makes the most painstaking analysis of the events leading to Aquino's assassination. Her testimony before the special court, backed by her own tape recordings, exposes the sham in the government's coverup.

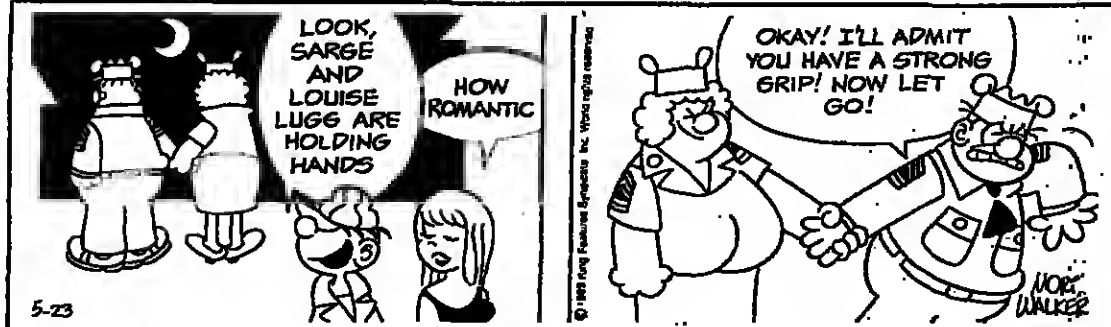
The author is at her best in portraying the complexities in the character of President Aquino. Cory might have been a reluctant candidate for the presidency, but she was by no means a political neophyte. As the daughter, sister, niece and wife of politicians in a country where politics has been traditionally a dirty business, she displayed an uncanny flair for pleasing the crowds. She was accepted as the saint versus the sinner. She knew that "morality" would win, especially if it was backed by cunning, compromise, ostentatious wealth and even a bit of deceit, not to mention money and powerful allies. She found those allies in the masses, women in general, the church, the middle class, Philippine professionals and the American government. Burton's story of Cory in action is superb.

The reviewer, the author of "Cory Aquino and the People of the Philippines," wrote this for *The Washington Post*.

## PEANUTS



## BEETLE BAILEY



## ANDY CAPP



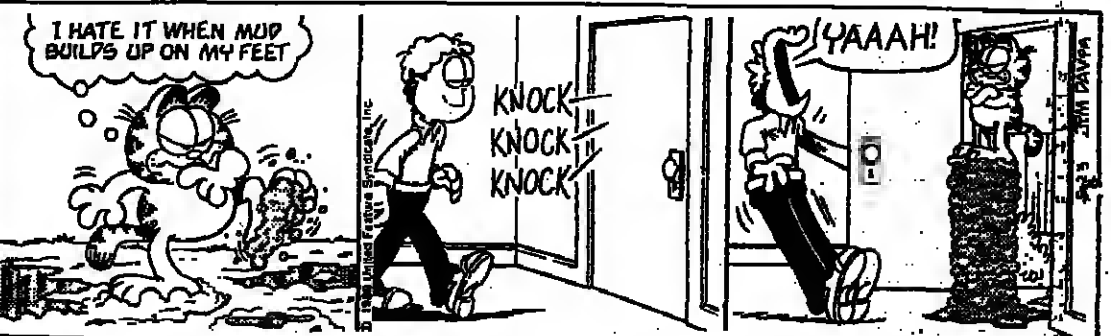
## WIZARD of ID



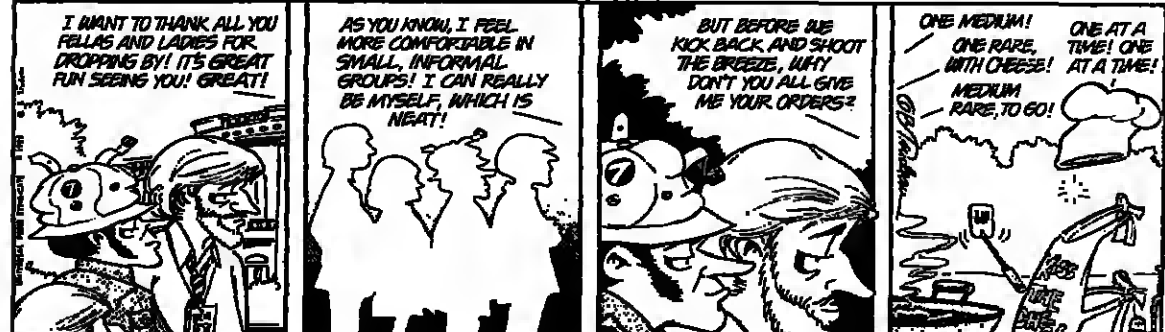
## REX MORGAN



## GARFIELD



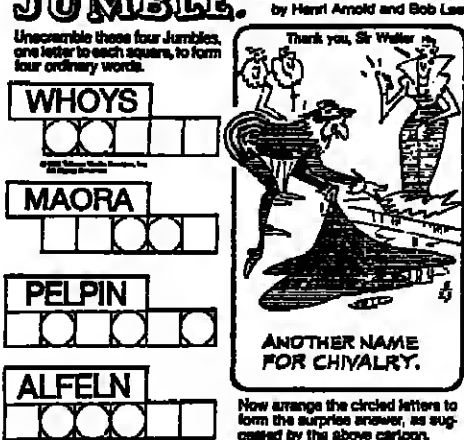
## DOONESBURY



## DENNIS THE MENACE



## JUMBLE



Now arrange the circled letters to form the surprise answer, as suggested by the above caption.

Answer here: \_\_\_\_\_

(Answers tomorrow)

Yesterday's Jumble: SIEGE WHOSE BOUGHT POTENT

Answer: The smuggest running thing about that car—ITS TONGUE







